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NEWS SUMMARY

[GEN]ERAL

[S]econd [B]elgian [B]aron [s]eized

[The] missing Belgian industria[list] Baron Charles Bracht has [been] kidnapped, the Antwerp [publi]c prosecutor confirmed last [night].

[Bar]on Bracht, who has [intere]sts in cotton and oilseed [plant]ations in Indonesia and [Mala]ysia and property in [Belgi]um, left his home on Tues[day m]orning, but never reached [his A]ntwerp office. According to [new]s agency, he was seized in [his c]ompany's car park.

[The] disappearance of Baron [Brach]t comes six weeks after the [kidna]p of another Belgian baron, [Édoua]rd Empain, in Paris. [Thou]gh not so wealthy as the [m]issing millionaire Baron [Empa]in, Baron Bracht controls [two p]ublic companies. Page 3

[Dru]g sentences

[R]ichard Kemp, a chemist, [and] Dr. Christine Bott, key [figure]s in a multi-million pound [ring] involving the drug LSD, [were] jailed for 13 years and nine [years] respectively at Bristol [Crow]n Court. Sentences of [betwe]en 13 years and two years, [suspe]nded, were imposed on 15 [other] people. The prosecution [claime]d that a London house, [raid]ed in the trial, produced [60 pe]r cent. of Britain's LSD

[Kaga]n inquiry

[Fraud] officials have started to [study] the records of Kagan Tex[tiles af]ter raiding the offices of [the com]pany, headed by Lord [Kagan, w]ho was ennobled by Sir [Harold] Wilson. They are investi[gating] the alleged transfer of [money] from Britain in contra[vention] of exchange regulations. [Pa]ge

[Do]u[b]le murder

[Two su]pporters of the Irish [Republic]an Socialist Party, a [breakawa]y IRA group, were shot [dead i]n Portadown, South [Armagh]. The men were [ambush]ed on a bridge over the [Belfas]t-Dublin railway line when [a mot]orcyclist came up behind. His pillion passenger fired [ro]unds from an automatic [weapo]n and both men died [instant]ly.

[Win]dscale vote

[The C]ommons will decide on [March] 22 the future of the Windscale nuclear pro[ject wh]en MPs will debate the inquiry report. Radiation Page 8

[Rho]desia reply

[Dr. Da]vid Owen, the Foreign [Secretar]y, and President Carter [have se]nt the Anglo-American [reply] to Mr. Ian Smith's in[ternal] settlement in Rhodesia [after t]heir White House meet[ing. Za]mbian soldiers killed [P]age 4; Men and Matters,

[Imm]igrants down

[Immigra]tion from the Common[wealth a]nd Pakistan fell sharply [last year], while the number of [illegal e]ntrants detected more [than dou]bled, according to the [Home Off]ice. Page 12

[T]rade accord

[The Bel]grade conference ended [a length]y wrangle over Mediter[ranean] security when it [accepted] a Maltese compromise [proposal] to delay discussion of [the prob]lem until 1980. Page 3

[Ethio]pian claim

[Ethiopia] claims to have recap[tured Ja]ghabur, 90 miles south [of the st]rategic town of Jijiga, [from Som]ali forces and to be [attacking] on two fronts in the [Ogaden. R]adio Somalia admitted [that g]uerillas had withdrawn [from Jijig]a.

[Briefly] . . .

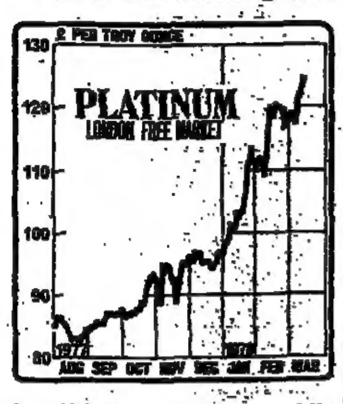
[West York]shire police are hold[ing an Ir]ishman, arrested at a [house in] Castleford, under the [Prevention] of Terrorism Act.

[Fatal] work injuries rose by [... per cen]t. last year.

BUSINESS

New rise in gold; equities up 2.6

● GOLD rose \$2.75 to \$189.625, the highest closing level since December 30, 1974. PLATINUM reached a record sterling price



of £124.30 an ounce, while SILVER prices also advanced—boosted by the rise in gold and concern about weakness of the dollar. Page 39

● STERLING fell 35 points against the dollar to \$1.9340, but its trade-weighted index was unchanged at 65.1. Dollar's trade-weighted depreciation narrowed to 5.41 (5.47) per cent.

● GILTS made further gains. The FT Government Securities Index advanced 0.38 to 75.27 for a three-day rise of 0.81.

● EQUITIES were also stronger but closed below the day's best. The FT 30-Share Index, 6.2 ahead at noon, closed at 446.7, up 2.6 on the day. Gold Mines improved.

● WALL STREET was up 11.56 at 748.35 near the close.

● JAPAN'S economic growth slowed to 5.1 per cent. last year, compared with 6 per cent. in 1976. Page 4. Lower profits forecast, Page 29

U.K. car sales still buoyant

● CAR SALES were again buoyant in the U.K. last month, with Ford the market leader, ahead of Leyland. So far this year, car sales are up 19.7 per cent. on a year ago. Page 8

● STATE ENERGY industries should co-ordinate their activities more effectively, promote industrial democracy and show greater concern for consumers, said Mr. Anthony Wedgwood Benn, Energy Secretary. Page 9

● GOVERNMENT has abandoned recent attempts to prune pay rises for nationalised industry executives from 10 to 5 per cent. But Board members will still receive only 5 per cent. Back Page

● BRITISH STEEL management and unions were still far from agreement after lengthy negotiations yesterday on redundancy payments for workers at the East Moors plant at Cardiff.

● SWAN HUNTER ancillary workers on Tyneside have accepted an 8½ per cent. rise—the first big manual group to settle significantly below 10 per cent. since the Government hardened its line on shipbuilding pay. Page 11

● SWEDEN'S State-owned shipbuilders, Svenska Varv, made a £250m. loss last year—the biggest loss ever made by a Swedish company. Back Page

● TREASURY working paper says that a sterling devaluation would give the U.K. a competitive advantage for a longer period if accompanied by restrictive fiscal and monetary policies or by an incomes policy. Page 10

COMPANIES

● F. W. WOOLWORTH lifted pre-tax profit to £46.78m. (£40.61m.) in the year to January 31. Page 25 and Lex

● SAGA HOLIDAYS will come to the new issue market on Monday with an offer for sale of 2.1m. 20p shares at 105p each. Page 24

PRICE CHANGES YESTERDAY

[Prices in] pence unless otherwise indicated)

RISES:

[...] 11% 1981	£105$\frac{1}{16}$	+ $\frac{3}{8}$
[...] 1990	£111¼	+ ¼
[...]s.	108	+ 6
[...]	214	+ 10
[...]	199	+ 4
[...] H.)	213	+ 8
[...]n)	31	+ 3
[...]A.)	68	+ 4
[...]	270	+ 8
[...]	172	+ 9
[...]deley	180	+ 6
[...]	298	+ 6
[...]n Intl.	167	+ 10
[...]onics	212	+ 5
[...]ackintosh	383	+ 9
[...]Univ. Invs.	99	+ 5
[...]an Brews.	71	+ 6
Stock Conversion	234	+ 4
Tate of Leeds	49	+ 4
Thomson Org.	172	+ 6
Trust Houses Forte	177	+ 8
Wagon Finance	88	+ 4
Wigfall (H.)	210	+ 14
Woolworth (F. W.)	68	+ 5½
Shell Transport	502	+ 7
Guthrie Corp.	330	+ 10
Anglo-Amer. Inv. Tst.	£34¾	+ 2½
Bishopsgate Plat.	80	+ 4
De Beers Dfd.	329	+ 7
Deelkraal	104	+ 5
Kinross	391	+ 26
Western Holdings	£19¼	+ ¼
Winkelhaak	774	+ 29

FALLS:

Clark (Matthew)	128	− 8
Steetley	168	− 8
Strong & Fisher	80	− 6

Callaghan to meet Schmidt on Sunday to discuss summit

BY RICHARD EVANS, LOBBY EDITOR

Mr. James Callaghan and Chancellor Helmut Schmidt of West Germany are to have private discussions in Bonn on Sunday in a surprise attempt to break the stalemate that has affected Western economies in recent months.

The meeting, arranged at the Prime Minister's suggestion, will be aimed primarily at preparing the ground for the European summit in Copenhagen on April 7 and 8, which so far does not look promising, and more significantly, preparing for the economic summit in Bonn in mid-July.

As well as discussing prospects for world trade and for combating international unemployment, Mr. Callaghan is known to be particularly anxious to try to end the strains and ill-feeling apparent between West Germany and President Carter's Administration recently.

In addition, the Prime Minister has become increasingly worried at signs of a move towards international protectionism which, he fears, could, if continued, affect the U.K. more than most Western trading nations.

The decision to bring forward the bilateral discussion with Chancellor Schmidt from the proposed date at the end of April was taken because of continuing economic drift and lack of direction, particularly in Europe.

The British Government's view is that with the French paralysed because of their elections and a possible change of government, any move in the European Community could only come from the U.K. and West Germany.

Even if no positive progress flows from the meeting, the hope is that a discussion will at least prevent a further slide in international economic relations.

Ministers accept that the political climate in Britain as a general election approaches will depend above all on the economic situation, particularly the level of inflation, the trend in unemployment, and the trade situation.

Mr. Callaghan is therefore particularly anxious to see an early growth in world trade so that Britain's economy can gain some benefit.

Conservative leaders were reserving judgment on Mr. Callaghan's visit, but some Tory MPs were already regarding it as a cynical exercise to project himself as a world statesman in the run-up to a general election.

The Prime Minister has been noticeably pessimistic recently about economic and political prospects, in marked contrast to his unbounded confidence at the turn of the year.

Tories believe he will make a particular effort at the July economic summit to gain international stature before a possible election campaign in October.

The Prime Minister will leave London at 4 p.m. on Sunday and will probably stay at the British Embassy in Bonn overnight before flying back to London on Monday.

The talks with Chancellor Schmidt will be primarily over dinner when no other Ministers or officials will be present.

Mr. Callaghan's cautious optimism that he will be able to make some progress is based partly on his close and long-standing friendship with Chancellor Schmidt during their days as Finance Ministers and as members of the Socialist International.

Mr. Callaghan's first opportunity to discuss world trade personally with President Carter will be at the end of May and beginning of June when the Prime Minister is to visit the U.S. for the NATO summit in Washington and to address the U.N. on June 2.

June 1 has been pencilled in for possible talks with the President.

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ICI capital spending may reach record £700m.

BY KEVIN DONE, CHEMICALS CORRESPONDENT

THE CAPITAL spending programme of Imperial Chemical Industries could reach a record £700m. this year. But with the world economy stagnant, the group is becoming increasingly cautious about sanctioning new projects.

Major improvement in world market conditions could not be expected this year, Sir Rowland Wright, who retires as ICI chairman at the end of this month, said in London yesterday. The chemical industry would continue to have surplus capacity and competition would be severe.

"Exporting is going to be tough, particularly if the sterling exchange rate stays above the level justified by the relative performances of the U.K. and of our main competitor countries."

Sterling was overvalued by as much as 10 per cent., Sir Rowland claimed. "If this continues it will have a damaging effect on British industry's exports and, if prolonged, will undermine the ability and incentive to invest in new plants to supply overseas markets.

"Lower investment would mean fewer jobs and inevitably industry's ability to match international competition would be eroded in the longer term."

ICI sales in the U.K. last year were static in volume terms. But overseas sales increased by 6 to 7 per cent. in volume and 14 per cent. in value to £2.8bn. Pre-tax profits fell 10.5 per cent. to £483m. on group sales of £4.6bn.

Group capital expenditure last year at £491m.—£330m. was spent in the U.K.—was lower

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than planned, partly because of delays and difficulties in the U.K. construction industry.

Severe problems with the building of new plants, particularly on Teesside, was causing increasing concern. One result was that the total of ICI expenditure sanctioned but unspent at the end of 1977 had jumped to £986m. compared with £673m. a year before.

ICI's biggest project on Teesside, the joint construction of a 500,000 tonnes a year ethylene plant with BP Chemicals, was unlikely to be commissioned before the last quarter of 1978 or early next year, Mr. John Lofthouse, an ICI main Board member, said yesterday.

The project, estimated in 1974 to cost about £100m., is thought likely to cost nearly £1.5m. Completion will be more than a year behind schedule.

Last year, about £804m. worth of capital expenditure was sanctioned. But Sir Rowland gave a warning that to maintain a similar rate this year a careful watch would have to be kept on how individual countries' economies developed.

Increasingly, ICI investment will be aimed at raising the efficiency of existing plant and at replacing old plant, rather than building new capacity.

While capital investment rose to nearly £500m. last year, the ICI workforce dropped by about 5,000 to 154,000. Four thousand of these jobs were lost in the U.K., where the workforce fell to 95,000.

MPs attack new City watchdog

BY MARGARET REID

A POLITICAL row blew up last night about the City's proposed self-regulatory body, the Council for the Securities Industry. Labour backbench MPs complained about the secret way in which it was being planned and its lack of legal authority.

As agreement was reached on the main principles of the project at a meeting of financial associations at the Bank of England, a critical motion on the subject was put down in the Commons by Mr. Ian Wrigglesworth, Labour MP for Teesside Thornaby.

The motion read: "This House would have no confidence in a Council for the Securities Industry consisting entirely of representatives of City institutions with no legal powers and no responsibility for other parts of the financial services industry."

Mr. Wrigglesworth is vice-chairman of the Parliamentary Labour Party's Economic Group,

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Company law reform delayed, Back Page

whose chairman, Mr. Robert Cant (Stoke-on-Trent, Central) was another of the motion's sponsors.

Other sponsors were Mr. George Park (Coventry North East), Mr. Mike Thomas (Newcastle-upon-Tyne East) and left-wingers Mr. Neil Kinnock (Bedwelty) and Mr. Brian Sedgemore (Luton West). More than 50 MPs had signed the motion by last night.

A number of Labour MPs are known to be irritated that the plan for the securities council, which is designed to fend off the danger of scandals and malpractice in stock markets, has reached such an advanced stage of preparation in secret.

They have asked Mr. Edmund Dell, the Trade Secretary, to talk to the Labour backbench economic and trade groups on the subject on April 12, the day after Budget Day.

This could conceivably cause some delay in the launch of the Council, hitherto planned, with the announcement of the chairman's name, by the end of this month, subject to settling ques-

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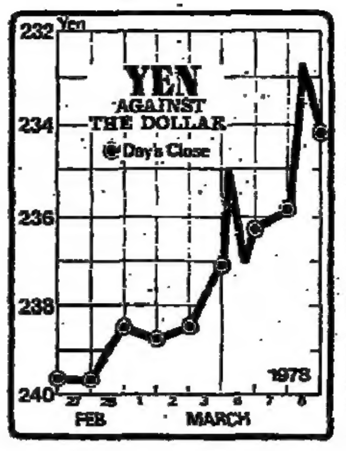

Yen rises to record level

BY CHARLES SMITH

TOKYO, March 8.

THE YEN rose to new peaks against the dollar on foreign exchange markets to-day. The currency hit a record Y235 against the dollar in Tokyo, and was prevented from going higher only by renewed heavy intervention from the Bank of Japan.

In London the yen-dollar rate went below Y233 at one point before recovering to finish at Y234.20 at the close, off Y1 on the day.

Mr. Takeo Fukuda, Japan's Prime Minister, to-day told the budget committee of Japan's Upper House that the country must "at all costs" reduce its current account surplus to \$6bn. (£3.1bn.) this fiscal year, starting next month.

The government would also introduce new import-boosting measures, Mr. Fukuda said, but he did not give details.

The statement underlines Japanese ministers' fears that renewed appreciation of the yen will undermine Japan's fragile economic recovery.

Mr. Fukuda claimed that the appreciation of the yen against a weakening dollar will delay for about one year from last September Japanese economic recovery.

Mr. Fukuda said that exports of steel products will slow down in the year following the recent steep yen appreciation.

He also believed colour television exports would be curbed by export controls, while car exports were likely to be curbed by voluntary self-restraints.

There have also been criticisms in Japan of "irresponsible" exchange rates management of the dollar on the part of the U.S.

They are likely to be stated directly when Mr. Charles Schultze, the chairman of President Carter's Council of Economic Advisers, visits Tokyo in the near future.

The Bank of Japan intervened on the Tokyo market as soon as the Y.235 rate was

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Decline in invisible trade surplus

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE SURPLUS earned on trade in invisible items such as the services of the City, interest and profits, and travel has declined sharply in recent months. There have been signs that the foreign tourist boom has been running out of steam.

The drop in the net surplus on invisibles has been even larger than estimated in the monthly trade figures, with the result that there now turns out to have been a current account deficit of £35m. in 1977, rather than the surplus of £109m. previously indicated.

This is shown by the balance-of-payments figures for the fourth quarter published by the Central Statistical Office yesterday.

The total surplus on invisibles dropped by 34 per cent. last year to £1.57bn. The main reason was a decline of more than £1bn. on the balance on interest, profits and dividends, of which about two-fifths reflected the higher North Sea profits of foreign oil companies.

Net cost of servicing the Government's overseas debt rose slightly. Contributions to the EEC rose by £276m.

These changes were predictable in direction, if not magnitude, and the surprising feature has been a smaller-than-expected contribution from certain service sectors as a result of both the recession and, towards the end of the year, the rise in sterling. Net earnings from sea transport, commodity trading and by U.K. banks in Eurocurrency markets declined last year.

Earnings from construction overseas, insurance and banking grew in 1977 and net surplus on travel rose from £620m. to £1.01bn. Visits to the U.K. exceeded those abroad for the first time.

But net earnings from tourism fell from £574m. to £520m., seasonally adjusted, between the third and fourth quarters. The 12-month rate of increase in number of visits to the U.K. was only marginally up on a year earlier by the fourth quarter.

The number of Britons going abroad increased toward the end of the year compared with 1976.

The latest figures show the impact of massive capital inflows in October before the pound was allowed to float freely.

Private sterling balances rose by £599m. in the fourth quarter (for a £1.47bn. rise in 1977 as a whole).

Purchases of gilt-edged stock by all non-resident were £459m. in the fourth quarter, and £984m. in the year (of which all but £5m. was by private holders).

The net surplus on invisibles in the last three months of 1977 was £306m., compared with an initial estimate of £435m. and a total of £429m. in the third quarter. This is well down on a quarterly average surplus of £670m. in the second half of 1976.

It is the third successive quarter in which the invisibles surplus has been revised downwards. To draw an exact comparison between these estimates and the Treasury's forecast for the current account is impossible. But any change in the overall projections is almost certain to be downward, especially as the medium-term prospects for visible trade have deteriorated.

Tables, Page 8

£ in New York

	March 7	Previous
Spot	\$1.9365-9375	\$1.9325-9340
1 month	0.05dis-par	0.05 dis-par
3 months	0.18-0.18 dis	0.28-0.21 dis
12 months	1.00-0.90 dis	1.15-0.95 dis

Italian crisis ends

BY PAUL BETTS

ROME, March 8.

ITALY'S 50-day Government crisis was finally resolved here to-night when the country's main political parties gave Sig. Giulio Andreotti, the Christian Democrat leader, the go-ahead to form a new administration.

Sig. Andreotti will hold talks in the next 48 hours with the other parties over the structure of his new Government, and is expected to give his list of Ministers to President Giovanni Leone this week-end.

The new Government will, for the first time in 30 years, have the Communist Party in the parliamentary majority. The latest Italian crisis was precipitated by Communist demands for greater power. Apart from some minor reservations, Sig. Andreotti's programme was unanimously accepted by the country's main parties, with the exception of the small and anti-Communist Liberal Party, which did not attend to-day's talks.

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FEATURES

For latest Share Index 'phone 01-246 8026

FRENCH NATIONALISATION

Fears for foreign subsidiaries

BY DAVID CURRY

PARIS, March 8.

THE NATIONALISATION of nine industrial groups by a French Left-wing Government could severely compromise the position of foreign subsidiaries which are crucial to their development and profits.

In particular, a number of companies are expressing strong doubts whether Brazil would tolerate the substitution of the French State for private investment partners, and Spain has legislation enabling it to acquire foreign subsidiaries on its territory when these fall under the control of overseas governments.

The largest nationalisation candidate, Saint-Gobain-Pont-a-Mousson, is one of the most exposed overseas. Last year overseas accounted for half its sales, three-quarters of its cash-flow and 94 per cent. of its profits. In a total workforce of 160,000 more than 87,000 are abroad.

Its foreign subsidiaries are held either directly by the French parent company (the case with Brazil), by the French operating companies, or via Swiss or Dutch holding companies.

The large Spanish glass operation, for example, is held largely by the Swiss holding company which is *itself a subsidiary* of the French parent. There is some doubt how far the Spanish Government may go in the event of a takeover, given

THE FRENCH ELECTIONS

its need to have French goodwill for its Common Market entry bid (which the Left is not enthusiastic about), but the company is very apprehensive that its Brazilian subsidiaries would be immediately threatened.

Rhone-Poulenc has similar fears. "Nationalisation in France could set an example to the host governments of our overseas subsidiaries to do the same thing in retaliation," M. Renauld Gillet, chairman of the chemicals and textiles group, told the last general meeting. The group has 1,500 people in Brazil, the sole profit centre in its entire textile operation.

Pechiney - Ugine - Kuhlmann, PUK, the world's fourth largest aluminium producer, has similar fears. Last year, 57 per cent. of cash-flow came from overseas. Its chairman, M. Philippe Thomas, commented recently that it had taken immense effort to build up a trustworthy relationship with host governments and workforce (of which 17,500 out of 80,000 are overseas).

These countries had accepted a PUK majority stake in the subsidiaries but were now taking a much harder line towards majority foreign holdings. He forecast that "if the face of the French investor is changed overnight," the PUK stake would almost certainly have to be reduced to a minority.

The reverse problem faces the pharmaceutical concern Roussel-Uclaf, which makes 60 per cent. of its sales overseas and which is majority-owned by Hoechst of West Germany. Hoechst has spoken of taking France to the *International Court over nationalisation*, but since neither France nor Germany recognises its absolute jurisdiction, and private companies cannot plead, this can be taken with a pinch of salt.

More importantly, Roussel-Uclaf's entry to the U.S., West German and Japanese markets is due to the fact that it carries a Hoechst passport, and it estimates that within two years 15 per cent. of its tournover will depend directly on the Hoechst link. Some 5,500 out of a workforce of 15,500 are overseas.

There is also a direct U.S. interest at stake. Quite apart from the shadow over Saint-Gobain's main U.S. subsidiary, Certain-Teed, the Left wants to nationalise ITT France in order to bring the telecommunications technology under French control. Also the holding company of the computer concern CII-Honeywell Bull is 47.5 per cent. owned by Honeywell in the U.S.

Spanish Socialists quit constitution talks

BY OUR OWN CORRESPONDENT

MADRID, March 8.

SPAIN'S uncertain political timetable has been thrown into confusion after last night's withdrawal of the Socialists from the committee responsible for drafting the new democratic constitution. It was the clearest breach yet between the main opposition party and the Government.

The Socialist representative in the committee, Sr. Gregorio Peces Barba, withdrew after protesting that the ruling Union of the Democratic Centre party (UDC) had broken its promise that it would reach a consensus on certain issues.

The specific reason for his withdrawal was the UDC's attempts to substitute the existing text on autonomy with one toning down the powers of autonomous regions and delaying the granting of home rule to those regions requesting it for five years after the constitution's approval. The Basque country and Catalonia already have a degree of autonomy.

The withdrawal throws into doubt whether the constitutional committee will finish its work. It is reportedly near the end of discussing the draft which will *then go to the Cortes (Parliament)*. Upon the approval of the new constitution hinges the dates for fresh general and municipal elections.

The Committee, which is made up of all parties, issued a statement urging the Socialists to show a sense of responsibility and to finish their work, so fulfilling their mandate.

There is a feeling that the Socialists have deliberately sought an excuse to sever their deteriorating relations with the Government in order to reinforce their image as the alternative future Government, and that the real reason for quitting the committee was the Government's attempts to delay municipal elections for as long as possible.

Municipal polls delay angers left

BY OUR OWN CORRESPONDENT

MADRID, March 8.

THE SPANISH Left is preparing to launch an offensive in the Cortes (Parliament) and most probably in the streets against the Government's attempts to delay municipal elections as long as possible.

The continued Government silence over this important issue—municipal elections were last held 42 years ago when the Left won an overwhelming victory—has led the Socialists to warn that they will hold demonstrations and meetings unless a decision is made quickly.

Sr. Adolfo Suarez, the Prime Minister, promised last June, after his Union of the Democratic Centre party won Spain's first general elections in 41 years, that municipal elections would be held by the end of the year. There is still no sign of a date.

The Government's reluctance to give a specific date reflects its concern that the Left will do well and the Centre badly. Opinion polls carried out by the Centre reportedly reveal that the party's popularity is declining. The Government is banking on an upward turn in the economy by the autumn to restore its fortunes.

Town halls are still full of people appointed during the Franco dictatorship, although some councils have resigned since the general election and a few are being run by committees made up on a proportional basis according to the strengths of the parties in areas.

Resignation explained

MADRID, March 8.

SPAIN'S FORMER Vice-Premier for Economic Affairs, Prof. Enrique Fuentes Quintana, to-day said he resigned his post because he lacked the political weight to carry out his economic programme.

Explaining for the first time his decision to resign two weeks ago, he told the monarchist daily ABC that co-ordination between various Government departments was necessary to carry out the programme.

Sr. Jose Silva Lopes

Portugal Bank Governor agrees to stay

By Jimmy Burns

LISBON, March 8.

SR. JOSE SILVA LOPES has agreed to stay on as Governor of the Bank of Portugal, after lengthy consultations with Mr. Mario Soares, the Prime Minister, and Dr. Victor Constancio, the Minister of Finance and Planning.

A statement issued from the Prime Minister's office implied that Sr. Silva Lopes' declared intention of resigning his post for "personal reasons" may have had a disruptive effect on bank policy.

According to the statement, Sr. Silva Lopes' governorship insures "the continuity in the execution of the Bank of Portugal's monetary policies and in the tackling of problems which have arisen in the negotiations with the International Monetary Fund."

The Bank during the past two years has gradually increased its powers within the banking system and has *now* virtually acquired the functions of a central bank, issuing instructions to the commercial banks on matters such as credit policy. In Portugal's negotiations with the IMF (already initiated on an extraofficial level) in preparation for a \$750m. medium-term loan, the Bank is being asked to exercise an even stronger control on money supply, "selecting" economically viable areas of industry and agriculture.

Differences between the Bank and the IMF have arisen over the scale of control on money supply. The Bank generally reflects the Government's attitude that too extreme measures would have dangerous political and social consequences. The IMF is thought to favour a greater squeeze on credit than the Bank, which believes that an average 15 per cent. increase guaged on a month-per-month basis is acceptable.

The IMF is thought to have agreed, however, not to insist on a sudden devaluation of the escudo but on further downward adjustments (the "crawling peg") spread over a longer period, which would still achieve a devaluation of about 12 per cent. a year.

EEC COAL SUPPLIES

Rising imports sharpen producer-consumer split

BY DAVID BUCHAN IN BRUSSELS

THE LONG U.S. coal strike underlines the dangers for Europe of depending so heavily on coal imports, Herr Guido Brunner, the EEC Energy Commissioner commented last week. Exports from the U.S., the Community's second biggest supplier after Poland, have not so far been noticeably affected even by that protracted and bitter stoppage. But the Energy Commissioner used the warning as convenient support for a new Commission proposal to subsidise EEC coal to make it more competitive and so reduce imports.

What annoys EEC coal producers, and concerns the Commission is that coal and coke imports to the Community rose last year to a record 45m. tonnes at precisely the time when EEC stocks have piled up at colliery heads and coking plants to a level of 55m. tonnes and EEC production has fallen to 240m. tonnes. This is well below the 27m. tonnes goal set for the Community production by 1985, a target set by the EEC Council of Ministers in the worried aftermath of the 1973 oil crisis. In the long term, after 1985, EEC coal producers see a rosy future for their dirty, black commodity—as oil and gas are increasingly hoarded for more sophisticated uses than burning in boilers, and until sometime in the next century when nuclear energy takes over the main role in heating and lighting in Western Europe.

But in the shorter term, the coal producers fear the present economic recession and the high level of imports will so erode their production potential, perhaps forcing irreversible pit closures, that the brighter prospects for the 1980s may never materialise. Though mined-out and uneconomic pits close every year in all the coal producing States of the Community, the most serious threat concerns W. Germany. Both coal and coke production fell sharpest there last year, and Germany now accounts for over half the present EEC coal and coke stocks in the Community.

The EEC Commission has the same wide powers (under the EEC Coal and Steel Treaty) for coal as it has for steel. But appeals for it to take similar action for coal have got nowhere. The reason is simple. While all nine EEC states have a steel industry (even though in Ireland and Denmark it is tiny), only four states mine coal. Even the interests of this quartet are not homogenous. The heavily subsidised Belgian mines are a spent force and now only employ some 15,000. France has a coal industry, largely in Lorraine, which employs some 35,000, but it is also the largest importer of non-EEC coal in the Community, to the tune of 13.5m. tonnes last year.

Only the U.K. and W. Germany have an unequivocal interest in seeing high-priced EEC coal make inroads into third country imports. Nor would enlargement of the EEC to 12 members fundamentally change the picture. The entry of Spain with a large coal industry, which already has very close links with EEC producers, would be counterbalanced by that of Portugal which has none and Greece which has only low grade lignite.

It is therefore not surprising that there is really no such thing as a common coal policy. The only measures the nine national energy ministers have recently been able to agree on was the extension until 1981 of the Coking Aids System, set up in 1967 to promote the production of coke and its transport to EEC steel mills.

EEC INDICATORS (millions of tonnes)	1976	1977
Coal output	247.7	240.5
Coal and coke stocks	48.0	55.1
Third country coal imports	43.7	45.0

Otherwise, the division between coal producing and consuming countries has blocked proposals for EEC financing of cyclical coal stockpiles and for incentives for more coal-fired power stations. Because of the industry's lack of flexibility in reducing production (in an economic recession) or accelerating production (for a boom), stockpiles are necessary but costly. There is also an urgent need for more coal-burning power stations. According to present national energy plans, of the 82 new power plants due to come into service between now and 1985, 60 will be fired by oil and gas, and only 15 by coal.

But several ministers, not only those from coal consuming states, consider that stockpiling subsidies was the wrong approach: if EEC money is to be spent, they argued it should go to stimulating demand, not further increasing supply. There was sharp disagreement last year over whether aid to power plants should be confined to those which burnt only EEC coal (as argued by the U.K. Energy Secretary, Mr. Tony Benn) or widened to those plants that also burn imported coal (as demanded by Italy and those countries which have no coal of their own). The commission will still be officially pushing both these proposals when energy ministers meet on March 21, but EEC officials have privately concentrated on a different line of thought.

The new tack the Commission is taking is to try to satisfy both producer and consumer interests with an EEC subsidy of \$12 paid to the producer for each tonne of steam coal trad[illegible] across national frontiers insi[illegible] the Common Market. The aim [illegible] to increase intra-communi[illegible] trade in power station stea[illegible] coal, which last year amount[illegible] to only 3.5m. tonnes or 2.6 p[illegible] cent. of all the coal that pow[illegible] stations consumed. The effe[illegible] the coal producers hope, wou[illegible] be to win back much of t[illegible] ground they have lost in rece[illegible] years to steam coal impo[illegible] which in the last four ye[illegible] have risen from 8m. to 22 tonnes.

EEC officials claim the idea h[illegible] already found a certain ec[illegible] among national Governmen[illegible] But there are obvious sna[illegible] The scheme would be expensi[illegible] up to 120m. European Units [illegible] Account (\$144m.) a year, a[illegible] yet might have no impact wh[illegible] soever. The subsidy would [illegible] little more than cover transp[illegible] costs within the EEC (estimat[illegible] at an average \$10 per tonn[illegible] This still leaves a yawning g[illegible] between current world mar[illegible] prices of \$30-35 a tonne, a[illegible] production costs of \$44 in [illegible] U.K., \$72 in W. Germany, [illegible] in France and \$100 in Belgiu[illegible]

The rest of the gap would h[illegible] to be covered by more natio[illegible] subsidies, if the Commissio[illegible] aim of increasing intra-Co[illegible] munity trade in steam coal [illegible] 12m. tonnes a year were to co[illegible] anywhere near being realis[illegible] Only two countries, the U.K. a[illegible] W. Germany, have the product[illegible] potential to do this. A very c[illegible] siderable increase in Germ[illegible] state aid would be needed to [illegible] set high German mining co[illegible] aggravated by the rise in [illegible] Deutsche Mark. However, [illegible] proposed EEC subsidy would [illegible] the U.K. National Coal Boa[illegible] the Community's largest c[illegible] producer, with relatively l[illegible] production costs, within comp[illegible] tive reach of imports.

Certainly since the 1[illegible] miners' strike the NCB has s[illegible] an enormous amount into [illegible] mines and improving prod[illegible] tivity. Investment in 197[illegible] alone will amount to £340[illegible] and the recent tripartite agr[illegible] ment between the NCB, Government and the Natio[illegible] Union of Miners has put the [illegible] production target at [illegible] 135m. tonnes, compared [illegible] 120m. tonnes last year. [illegible] coal exports presently a[illegible] less than 3m tonnes. [illegible] of that is domestic coal [illegible] for burning in home gra[illegible] not in power stations. [illegible] still sees its home ma[illegible] paramount, and its huge [illegible] ment programme has bee[illegible] fied almost wholly in te[illegible] meeting domestic needs. [illegible] officials say that of co[illegible] creased export sales w[illegible] "more gilt on the ginge[illegible] But the feeling in the [illegible] Europe seems to be that [illegible] production were threaten[illegible] was in 1974, the NCB wou[illegible] the same action again and [illegible] temporary stop to exports.

EUROPEAN NEWS

Baron Charles Bracht

Belgian baron disappears

By David Buchan

BRUSSELS, March 8.

AN INFLUENTIAL Antwerp businessman, Baron Charles Victor Bracht, has disappeared, and to-night his family and local police were presuming that he had been kidnapped. The disappearance of Baron Bracht comes six weeks after the kidnap of another Belgian baron, Edouard Empain, in Paris.

Baron Bracht, whose companies have plantation interests in Indonesia, Malaysia and elsewhere, and real estate holdings in Belgium, was last seen leaving his home on Tuesday morning. He never reached his office. But no witnesses to any kidnapping have come forward, nor have his family or police apparently received any ransom demand.

The disappearance of the 63-year-old baron, who was also honorary Austrian Consul-General in Antwerp, comes two weeks after the release of the concierge of an Antwerp diamond company.

Though not on the same scale as the huge business empire controlled by the missing Baron Empain, Baron Bracht controls two public companies of some size. He is the president of Societe de Plantations et de Finance (SIPEF) which made a £900,000 profit in 1976, with a total balance sheet worth £13.3m. SIPEF in turn controls Cogeco, a real estate company which took over the remaining ... of the now defunct Slater Walker Belgium S.A.

Agreement is reached on final Belgrade document

BY ANTHONY ROBINSON

BELGRADE, March 8.

THE 35-NATION European Security Conference moved into its final stage here to-day with a trenchant reiteration of the importance of human rights by Mr. Arthur Goldberg, leader of the U.S. delegation. The Final Act, Mr. Goldberg said, obliged the participants to pursue what the poet Alexander Pushkin defined as a better kind of freedom—"the freedom not to bow your conscience, thought or neck to rank or power."

Consensus was finally achieved on the four-page concluding document this morning after 19 weeks of talks, topped up by a five-day deadlock caused by Maltese insistence on a reference to security problems in the Mediterranean area. Agreement on this document allowed the conference to pass on to the final stage — 10-minute concluding speeches by all 35 delegates — which should bring the conference to an end by Thursday evening.

The deadlock was broken just before lunch when all delegates agreed to accept two amendments to the final document which bowed to the Maltese demands but postponed discussion of Mediterranean security problems to the next follow-up meeting in Madrid in 1980.

The significance of the concession was considerably reduced however by the comment of the Danish delegate, speaking for the EEC countries, that discussion on these matters in Madrid should only take place within the overall context of issues raised in the Helsinki document. This reflects the widely held reluctance here to allow subsequent Helsinki follow-up conferences to get bogged down in complex Mediterranean issues like Cyprus and the entire Middle East problem.

But the document appeared to resist Maltese demands for the participation of Middle East states and the Soviet Union and the U.S. Malta had particularly insisted on superpower participation because of their large naval presence in the Mediterranean.

To-day's concluding speeches reflected the prevailing view here that this conference has essentially confirmed the post-Helsinki *status quo*. It has established, with the agreement to hold another meeting in Madrid, that the process of detente begun at Helsinki is a continuing process, but has not broken any new ground at all. It has been essentially a holding operation.

Mr. Goldberg made clear that his delegation deplored the inability to achieve consensus on the inclusion of a substantive declaration on human rights in the concluding document. But he clearly stated: "No country can be allowed to single out particular sections of the Final Act for their attention while ignoring others. Progress in the area of human rights and human contacts as well as disarmament and economic, scientific and cultural co-operation are inextricably linked together in the Final Act.

He added that human rights are "the proper subject of the diplomatic examination and debate we have had in Belgrade, and they will remain after Belgrade the proper focus of continuing comment and efforts."

He also specifically referred to the plight of those groups seeking to monitor the Helsinki Agreement in Eastern Europe. "Their activity is encouraged by the Final Act. It needs to be protected not punished," he underlined.

Norwegian oil field dispute compromise

By Fay Gjester

OSLO, March 8.

A POLITICAL dispute in Norway about the share-out of a promising North Sea oil concession now seems likely to end with a compromise that will slightly increase the stakes allocated to Norsk Hydro and Saga Petroleum, at the expense of Statoil, the state oil company.

The minority Labour Government proposed to the Storting (parliament) that Statoil be given 90 per cent. of the concession for block 34/10—the most promising of 16 new blocks which it intends to open up for oil and gas prospecting—with Hydro and Saga getting only 5 per cent. each. Statoil would bear 80 per cent. of exploration costs and its partners 10 per cent. each.

A report on the Government's proposals by the Storting Committee for Industrial Affairs has now made it clear, however, that as the proposals stand they will be defeated when they are put to the vote in the Storting next week. Labour's traditional allies, the Socialist Left, want block 34/10 given to Statoil alone.

Two of the small parties in the middle of the political spectrum are against allocating any new search concessions just yet. The Conservatives and the Christian Democrats favour the new concession share-out, but want a much larger stake in block 34/10 to go to private Norwegian companies.

Press reports to-day predict that the compromise proposal which will finally get the necessary Storting majority will give 85 per cent. of the block to Statoil, 9 per cent. to Norsk Hydro and 6 per cent. to Saga Petroleum. Exploration costs will be shared out rather more equitably than foreseen.

Political storm grows in Bonn over Schleyer kidnap allegations

BY JONATHAN CARR

BONN, March 7.

A POLITICAL storm was growing in Bonn to-day following revelations of error during the hunt last year for the abducted industrialist, Dr. Hans Martin Schleyer, and his terrorist captors.

Particularly under pressure are Herr Werner Maihofer, the Federal Interior Minister, and Herr Burkhard Hirsch, the Interior Minister of North Rhine-Westphalia—the state in which Dr. Schleyer was kidnapped.

Asked at a joint news conference whether they felt they should resign because of the error committed, both men declined a direct answer. Herr Hirsch agreed that consequences should be drawn from what had happened for future police operations. Her Maihofer said: "We are not the judges over ourselves." The question of resignation was a matter for the Bundestag's domestic affairs committee (to which bot hmen reported to-day) and for Parliament.

Both men are members of the Liberal Free Democrat Party (FDP), the junior partner in the Bonn coalition Government. The opposition is already pressing for one or the other to step down.

According to an official report released here, police were given a tip-off of a suspicious apartment near Cologne on September 7, two days after Dr. Schleyer was kidnapped in a Cologne street.

It now transpires that this was in fact the apartment in which Dr. Schleyer was held during at least the first few days of his abduction. But the police did not investigate it until well after Dr. Schleyer was found dead in the boot of a car in October.

Local police evidently did their duty in passing on the initial tip-off to headquarters in Cologne. It is not fully clear whether the federal authorities co-ordinating the search for Dr. Schleyer did not themselves receive the tip-off from Cologne or whether they failed to act on it.

It is on this point that the question of responsibility rests: whether local state authorities, under Her rHirsch, committed an error, or whether the problem lay in the Federal Criminal Bureau, which falls under Herr Maihofen's responsibility.

Both Ministers drew attention in their news conference to the large number of tip-offs which had been received, and to the hard work of the police officials in sorting them out. "In retrospect we are all more clever," Herr Maihofer said.

U.S. FORCES IN W. GERMANY

Food parcels as $ falls

BY GUY HAWTIN IN FRANKFURT

U.S. SOLDIERS stationed in West Germany have been so hard-hit by the slide in the dollar's value that their German neighbours have been giving them food parcels. In many instances landlords who let homes to U.S. military personnel have lowered rents to ease the financial plight of army families.

Last week GIs were receiving DM1.99 per dollar from the currency exchanges on their bases; the rate quoted in the German banks was even lower. This is a decline of about 17 per cent. on the DM2.40 that the dollar was fetching a year ago.

General Alexander M. Haig, the Supreme Allied Commander in Europe, said late last week that the financial plight of junior grade servicemen was harmful to morale. On the food packages, he was quoted as saying: "I do not feel very proud for the need for that to happen."

Undoubtedly the "non-command sponsored" servicemen are the most gravely affected by the decline in the dollar's value. These are the servicemen whose grades are too low or length of service too short for the army either to pay allowances for their dependents or to transport their families from the U.S. to Europe.

The "non-command sponsored" personnel have to pay for their families to come to Europe, and have no right to military housing. Some 16,000 non-sponsored families are estimated to be stationed in the Federal Republic, and many of them receive little more than $500 a month—DM1,095 at current exchange rates—barely enough for a student to keep body and soul together in one of Europe's most expensive countries and certainly utterly insufficient for a family of three.

The army is doing its best to ease the lot of the junior grade "non-command sponsored" families. From the beginning of this month, they will be able to draw housing and cost of living allowances at "with dependents" rates. However, some non-sponsored personnel in the more senior grades will still be left outside the net.

According to the "authorised unofficial publications for the U.S. Armed Forces," Stars and Stripes, the equivalent of a corporal will be paid DM6.17 a day at current exchange rates as a housing allowance for living off base. At some DM190 for the average month this is an improvement on the DM135 or so they were receiving last month. But it represents less than half the DM400 a month that one would expect to pay for an extremely modest flat in West Germany. Furthermore, DM55 is scarcely more than one would except to pay for a hamburger meal for four, with all the trimmings, in one of the better Frankfurt or Wiesbaden hamburger joints.

The situation is so serious that the army is considering proposals to allow junior grades' families to eat in the army mess halls throughout Europe. At the present time they are only allowed to eat in them on special holidays such as Christmas and Thanksgiving. The U.S. Army in Europe command has requested a nine month trial for the scheme, but approval could take a long time. Several army agencies have to assess it before it can be passed to the Defence Department, and legal and budget limitations then have to be examined.

Meanwhile there are signs that U.S. enlisted men are getting heartily sick of their difficulties. It is understood that some have in desperation been organising community meetings to discuss their plight and what they can do about it. Although the significance of this as far as discipline is concerned should not be exaggerated, such things are not normal in military life.

If senior commanders like General Haig admit that the situation is bad for morale, sergeants are even more forthright. As one puts it: "It hasn't affected our fighting capability, but its dammed hard for command-sponsored guys like me to live on the economy and it must be hell for the others. How can you hold your head up when you know you can't afford to return a drink in your local gaststatte? When I heard Jimmy Carter tell everybody last week that the dollar was in great shape I got really mad. He doesn't have to live here. And to think I voted for th guy."

Turkey political violence falls

Political violence in Turkey claimed 80 lives in the first two months of this year, but the rate of killings was dropping, according to Mr. Irfan Ozaydinli, the Interior Minister, Reuter reports from Ankara. He said that 41 people were killed during January, 28 in February, and only two in the first week of March. Last year, 263 people died in politically motivated violence.

New Cyprus Cabinet

Mr. Spyros Kyprianou, who was sworn in as Cyprus President for a full five-year term last week, has announced a new government in which he retained six of the old ministers and created three new posts—that of a minister to the President's office and two deputy ministers, Andreas Hadjipapas writes from Nicosia.

Danish SDP triumph

The Social Democrat Party in Denmark has scored a triumph in borough and county elections, increasing its share of the vote from 33 per cent. to 38.3 per cent. in county elections and increasing its number of seats in the 14 counties from 135 to 145, Hilary Barnes writes from Copenhagen.

EEC steel prices to stay

BY OUR OWN CORRESPONDENT

BRUSSELS, March 8.

THE EUROPEAN COMMISSION announced to-day that it will not increase the EEC's internal minimum prices for steel as it had planned for April 1 because of the dull outlook for the second quarter.

Crude steel consumption in the EEC will rise only slightly in the second quarter in spite of the rise in orders since December, the Commission says in its latest forecast. Demand is expected to be about 28.55m. tonnes, substantially down on the 32.4m. tonnes in the same quarter last year. The level of stocks is expected to remain unchanged in the second quarter, compared to a fall of 1.7m. tonnes in the 1977 quarter.

The Commission said that it hopes that imports in the second quarter will remain at the 2.5m.-tonne level forecast for the first quarter. However, this substantial reduction on 1977 levels will depend on the rapid conclusion of restraint agreements with the EEC's major steel supplying countries. So far only EFTA has signed such arrangements.

However, the EEC Industry Commissioner, Viscount Etienne Davignon, told the EEC Foreign Ministers yesterday that he hoped to finish negotiations with Japan by March 17-18 and reach some arrangement with South Korea, South Africa, Spain and Brazil by the end of the month.

Dutch oppose the neutron bomb

THE HAGUE, March 8.

THE DUTCH Government pledged to-day to reject any United States request to agree in principle to deploying the neutron bomb, in advance of East-West disarmament talks on the new weapon.

Prime Minister Andreas van Agt made the promise in the Second Chamber (Lower House) of Parliament during a stormy six-hour debate.

Mr. van Agt told opponents of the bomb, who included the bulk of his own Christian Democratic Party, that Parliament would have the final decision on whether the weapon would be deployed with Dutch forces in NATO. Reuter

OPEC refining plans 'blocked'

VIENNA, March 8.

MR. ALI Jaidah, Secretary-General of the Organisation of Petroleum Exporting Countries (OPEC) has accused industrialised nations of blocking attempts by oil producers to build their own refining and petrochemical plants.

He told a United Nations symposium here on oil industries in developing countries that OPEC was determined to sell its oil as a refined product.

Mr. Jaidah said there was also a slowing down in the exploration for new oil deposits, despite promising prospects Reuter

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OVERSEAS NEWS

Japan growth points to small economic boost

BY CHARLES SMITH, FAR EAST EDITOR

TOKYO, March 8.

JAPAN'S Gross National Product registered a real growth rate of 1 per cent. in the fourth quarter of 1977, producing a growth rate of 5.1 per cent. for the year as a whole, the Economic Planning Agency announced to-day.

The fourth quarter figure, coming after a growth rate of only 0.4 per cent. in the third quarter, is claimed to be slightly above original expectations and lends modest support to the Government's theory that the economy may have turned the corner towards the end of the year.

The GNP growth rate for the year as a whole, however, compares poorly with the 1976 real growth rate of 6 per cent. and with the original expectations (dating back a year or more) that Japan would experience strong economic recovery during 1977. In fact, as a detailed *breakdown of the GNP figures* demonstrates, the economy performed far worse on almost all fronts last year than the year before.

The only bright spots in the 1977 picture were government investment (up 10.2 per cent. and reflecting a deliberate attempt to boost the economy), domestic inflation which was sharply down, and exports which showed a real growth of 10.4 per cent. over 1976 levels.

Japan's "real" current account surplus for the year (that is, exports minus imports, minus the deficit on invisible transactions), showed an increase of no less than 30.4 per cent. over 1976. This was despite the fact that in the fourth quarter, for the first time in five consecutive quarters, the real current account surplus showed a modest decline (by 2.1 per cent.) from the July/September quarter.

The various components in Japan's *domestic economy* which performed poorly in 1977 included consumer spending, up by 3.3 per cent. in real terms (a rate of increase which is said to be *the smallest in Japan's recent* history); private capital investment, up 2.9 per cent. compared with the 1976 increase of 3.4 per cent. and housing investment down 0.2 per cent. after a 1976 rise of 6.9 per cent.

A final, striking, contrast between 1976 and 1977 came in the rate of increase in business inventory investment which fell from 40.2 per cent. to 9.4 per cent. This is interpreted as a sign that business switched from producing for stock in 1976 to cutting back production and running down inventories in 1977.

Figures for the fourth quarter GNP alone show a recovery in housing investment (up 4.5 per cent.) and in private investment (up 1.2 per cent. on a quarter to quarter basis) plus a revival in the rate of inventory accumulation (up 9.2 per cent.). It is too early to know whether these figures point to a positive change of direction but optimism is being voiced that the *run-down in* inventories which continued through much of last year may be nearing completion in some major industries.

● AP-DJ reports: Teiichiro Morinaga, governor of the Bank of Japan, said he has no intention to lower the official discount rate for the moment.

Five Zambian soldiers claimed killed during Rhodesian raid

BY MICHAEL HOLMAN

LUSAKA, March 8.

AT LEAST five Zambian soldiers were killed and *six* injured in the Rhodesian attack on Zambia, according to reliable sources. The 11 were flown to Lusaka by military plane for treatment at the University Teaching Hospital, accompanied by three injured guerillas of the Zimbabwe African People's Union (ZAPU).

An unknown number of *soldiers*, *Zambian civilians*, and ZAPU guerillas are believed to have died before reaching hospital following the attack which began at 10 o'clock on Monday *morning*. ZAPU officials to-day denied Rhodesian claims that 38 guerillas were killed in attacks on what the Rhodesian authorities say were ZAPU camps.

The local papers, which carried banner headlines of Zambian claims that six Rhodesian planes were shot down in the attack, made no reference to ZAPU involvement.

The Times of Zambia editorial warned of "more vicious attacks on our homeland" and said the "outrageous assault on Luangwa does not turn us from our decision to support the Patriotic Front. In fact, it strengthens that resolve."

Mr. Siteka Mwale, Zambian Foreign Minister, was due to leave for the UN to-night to seek international condemnation of the Rhodesian attack.

Meanwhile, by late afternoon no further details were available from Zambian officials, though a statement is expected to-night.

Unconfirmed reports say the incursion began when Rhodesian jets struck at several points in the Luangwa Valley near the Zambian border town of Feira 120 miles east of Lusaka.

In spite of scant information from official sources, there is no doubt that the raid was the largest carried out on Zambian territory in the history of the five-year guerilla war, though *far from* the scale and intensity of Rhodesian attacks on Mozambique.

However, efforts to get further details from official sources met with little success. Questions on Zambian casualties, the role of Zapu and requests to visit the scene and inspect wreckage of the downed planes were unanwered by late afternoon, although Zambian officials do not rule out a visit to the valley.

Asked about such a visit to-day, a senior Zambian official said the area was "too active and not safe" and exchanges of fire were continuing.

Tehran oil talks go into 2-day recess

By Andrew Whitley

TEHRAN, March 7.

THE TOP-LEVEL talks between the National Iranian Oil Company (NIOC) and the 14-member Western consortium on a new long-term agreement on oil supplies have broken up for a two-day recess. The unexpected break until Saturday, longer than was originally anticipated, provides the first hint that obstacles may have been encountered. Working committees have been set up to consider different technical aspects. These apparently reported back to the main body to-day. But to-day's plenary session only lasted two hours.

Terse statements have been issued by NIOC after each of the five days of talks, but these have given little away about the substance of the discussions.

Assad talks of peace and plans to build up forces

BY LOUIS FARES

DAMASCUS, March 8.

PRESIDENT HAFEZ al-Assad of Syria yesterday reaffirmed his commitment to a peaceful settlement of the Middle East conflict in a long speech to the Syrian People's Assembly, but at the same time pledged his determination to improve the capability of the country's armed forces in quantity and quality.

Once again Mr. Assad refrained from personally attacking the peace initiative of President Anwar Sadat of Egypt, although the state-directed media have done so ever since his mission to Jerusalem last November. He limited himself to saying that Syria would seek a just and lasting peace "without begging for it."

This was taken as a clear reference to Egypt's entry into direct negotiations. At the same time, Mr. Assad restated the traditional Arab position that efforts to achieve a settlement are meaningless unless backed by a military option.

He said: "Development of our armed forces is of fundamental importance to us in facing the continuous threat from our enemy and his cupidity towards our lands." Last month Mr. Assad visited Moscow where he was promised new supplies of weapons, apparently to be paid for by Libyan hard cash.

Mr. Assad hinted once more at his differences with Egypt when he said: "We will keep striving for Arab solidarity and, if our enemies have succeeded in opening a breach, this should not stop us mobilising all the Arab potentialities for the sake of fighting our common enemy." This passage appeared to be a well-camouflaged appeal to Mr. Sadat to stop his initiative and rejoin the common Arab front.

Indian Minister to visit China

By K. K. Sharma

NEW DELHI, March 8.

INDIA'S Foreign Minister, M[r.] Atal Behari Vajpayee, to-d[ay] accepted an invitation to vi[sit] China "in principle." T[he] *invitation, sent by the Chin[ese]* Foreign Minister, Mr. Hua Hua, was delivered to [Mr.] Vajpayee by Mr. Wang [Ping] Nam, leader of the first Chin[ese] goodwill delegation to vi[sit] India since the 1962 bor[der] war.

This marks an improvem[ent] in Sino-Indian relations, wh[ich] have been *sour since the 1*[962] war. Ambassadors were [ex]changed 18 months ago a[nd] trade has just been resum[ed] but contacts at a political le[vel] have not really begun in sp[ite] of hints by leaders of b[oth] countries that they wo[uld] welcome high-level talks.

Mr. Vajpayee's visit will o[nly] *take place after "careful p*[re]paration," which means t[hat] much diplomatic spadew[ork] will have to be done before [he] goes to Peking. Mr. Vajpa[yee] told Mr. Wang at their [...] minute meeting that the Jan[ata] Government was anxious [to] improve relations with nei[gh]bours and described his rec[ent] visits to Islamabad, Da[cca], Rangoon and Katmandu. [He] made it clear that bilate[ral] relations could not be impro[ved] at the cost of "establis[hed] relations."

This was obviously to fo[re]stall any attempt by China [to] create a wedge between In[dia] and Russia, which continue [to] have close and special relati[ons] in the context of a 15-y[ear] treaty of peace, friendship a[nd] co-operation. Mr. Wang agr[eed] with the Indian Foreign M[ini]ster that bilateral relati[ons] should not depend on th[ose] with third countries. B[oth] noted that relations betw[een] China and India were "stea[dily] improving."

Gen. Zia play[s] down threat of trouble

By Simon Henderson

ISLAMABAD, March [8].

THE MILITARY ruler [of] Pakistan, General Zia ul-H[aq] to-day played down the da[nger] of demonstrations or o[ther] trouble following the immi[nent] verdict against the for[mer] Prime Minister, Z. A. Bhu[tto] in a murder case.

He said such trouble depe[nded] on having money in o[ne's] pocket, insinuating that re[cent] demonstrations against ma[rtial] law by supporters of the for[mer] governing People's Party h[ad] been by paid agents prov[oca]teurs.

Speaking in Islamabad [he] expressed satisfaction at [the] results of the month-long [ban] on politics announced a w[eek] ago. The people have give[n a] sigh of relief, he said. He [also] explained that Mr. Bhutto's t[rial] for corruption in a spe[cial] court would be held inside [a] prison for security reasons. [The] trial, to start on Saturday, [would] be open to the Press, he sai[d].

Reuter reports from Ra[wal]pindi: Police made mass arr[ests] of followers of Mr. Bhutto [in] Lahore to-day, according [to] reliable sources. Some [esti]mates put the arrests at [...] 100.

STATE ELECTIONS IN MALAYSIA

A glass ball for general elections

BY WONG SULONG IN KOTA BAHARU, KELANTAN

WITH THE Saturday dateline for elections in the north-eastern state of Kelantan approaching leaders of Malaysia's dominant party, the United Malays National Organisation (UMNO) are casting anxious glances at the Opposition. UMNO is launching a pre-emptive strike at its arch-rival, the Islam Party on its home bround in Kelantan. What happens in Kelantan could well dictate the date of a general election.

Most Malaysians, apart from the Communists, believe that in the foreseeable future, the Malays, who make up half the population with Chinese making up the rest, *will* continue to hold political power in Malaysia, having been the ruling party since 1957. UMNO has become synonymous with the Malays. UMNO has been thinking seriously of holding national elections this year and even Opposition parties are saying it will win.

But being used to a two-thirds majority in parliament, UMNO would consider it a disaster if it could not retain this majority which gives it the power to alter the constitution. So Kelantan, which is controlled by the opposition Islam Party, will be a key test of UMNO's popularity.

UMNO has thrown its full weight into the Kelantan elections, saturating the *state with* Federal ministers and Party workers. It is hoping to prove itself by taking Kelantan for the first time in 18 years. The Islam *Party had 20 seats in the state* assembly before it was dissolved, while UMNO and its partners held the remaining 16.

The main UMNO theme is economic development for backward Kelantan and its 800,000 population predominantly-Malay. On Monday, Datuk Hussein launched the South Kelantan Development Authority, which he said would open 260,000 acres of jungle up for agriculture at the cost of Ringgits400m. (£90m.).

Other ministers have criss-crossed the state promising new schools, hospitals, roads, electricity and jobs—all on one condi-

tion: that the Kelantanese vote for UMNO.

The past two years have been traumatic for the Malays. With the death of Tun Razak, former Prime Minister and Party leader, UMNO lost a man, who not only knew the Party machine, but also had his own men manipulating its gears.

The new Prime Minister, Datuk Hussein Onn, by contrast is a loner who finds political wheeling and dealing distasteful. He was uncompromising in his decision that the former Selangor Chief Minister, Datuk Harun Idris, should serve his jail term for corruption and forgery. That reflects on the Prime Minister's personal integrity and sense of justice. But the sight of the charismatic Harun behind bars has not gone down well with the Malays. It is because of the present uncertainty that the Kelantan elections this Saturday assume national significance.

The Federal authorities have also imposed a ban on public rallies, ostensibly to preserve security. Nevertheless, the ban, is an added advantage to UMNO, because the Islam Party has the best orators, and the Malays love oratory.

Federal ministers are not so restricted, as they can be seen at the opening of completed projects, and they make the most of such occasions for politicking.

The Islam Party, however, appears to be holding its own. It has more local branches, and its workers appear more effective in their house-to-house wooing of voters than UMNO's. A fiery speech by Islam's Party President, Datuk Asri, in parliament, opposing the imposition of Federal emergency rule in Kelantan has been converted into cassette tapes and is currently a best seller.

The mainstay of the Party's campaign is its claim to be protector of Islam and of the Malays. To drive this home, all the 100,000 copies of its manifesto were printed in the Arabic script —romarised Malay is the national script.

To ensure it wins the elections, UMNO is relying on its political partner in Government, Berjasa, to win a few seats, and split the opposition vote in others. Led by the Chief Minister, Datuk Mohamed Nasir, an ex-Islam Party official, Berjasa was formed two months ago, but many are sceptical about its reliability.

"Berjasa is like a puppet in the Malay shadow play. It has no ideas and "semangat" (energy or life force) of its own, and is manipulated by UMNO," said Senator Mohamed Amin, Islam's Party publicity chief.

The outcome of the Kel[antan] election is likely to be a [close] fight. The Kelantanese [see] themselves as different [from] Malays in other states, and [they] are deeply deligious and co[nser]vative. Whether they ca[n be] won over by material promi[ses is] uncertain.

If UMNO wins, it is like[ly to] push ahead very quickly [with] national elections, to tr[y to] deal another blow to its t[radi]tional rival in the other st[ates]. If it fails, it can sit back [and] wait, as national elections ar[e not] due officially until August, 1[979].

An Islam Party victory [would] be very damaging to UM[NO's] prospects in several states [like] Kedah, Trengganu, Perak [and] Selangor, and would put [the] careers of several leading U[MNO] politicians in jeopardy.

Tengku Razaleigh, the Fi[nance] Minister, a 41-year old Kel[antan] prince, is staking his clai[m to] becoming Prime Minister o[n this] election, which is very muc[h his] brainchild. Dr. Dato [...] Mahathir, the Deputy P[rime] Minister, is anxious about [his] own seat in Kedah, and has [been] seen lately making frequent [trips] to his constituency to ensure [that] as in 1969 he lost his sea[t to] an Islam Party supporte[r in] another constituency. [...] Datuk Hussein although his [home] State Johore is an UMNO [...]tion, will come under pres[sure] if Kelantan goes.

With politicians preoccupie[d with] ensuring their own surviva[l, the] coming months are unlike[ly to] see much attention devoted t[o the] economy, which fortunately [is] riding comfortably on high [com]modity prices and oil.

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AMERICAN NEWS

Peabody may split coal employers and bargain alone

BY OUR OWN CORRESPONDENT NEW YORK, March 8.

REPORTS that Peabody Coal, the largest U.S. coal company, is thinking of breaking away from the Bituminous Coal Operators' Association (BCOA) and of urging other coal companies to follow suit, have raised the prospect of a split among the employers about how to settle the U.S. coal strike.

Peabody this morning would not confirm or deny the report. Its only comment — from the chairman, Mr. Roderick Hills — was an ambiguous "Peabody is not now negotiating its own agreement."

Wall Street sources suggest that Peabody — which accounts for about a third of BCOA production with its output of 70m. tons per year—is suffering heavy losses. This was confirmed yesterday by one of its six shareholders, the Williams Company. It is argued that, since it has no major interests in the militant Appalachian fields, Peabody might be more willing to split than other BCOA companies.

If it does, the move would greatly complicate the negotiations for other companies and could lead to a disintegration of national bargaining, which would in turn threaten the cohesion of the United Mine Workers' union.

This morning, the Treasury Secretary, Mr. Michael Blumenthal, said that the coal strike would have a serious impact on the economy if it lasted beyond this month. If it ends before April 1, however, its effect would be negligible, he said.

In yet another development, the United Auto Workers, one of the strongest U.S. unions, said that it is to contribute \$2m. to help the striking miners. Such a sum would reinforce the miners' resistance considerably.

Sen. Long kills hopes of crude oil tax compromise

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, March 8.

SENATOR Russell Long, the powerful chairman of the Senate Finance Committee, has pronounced that an integral part of President Carter's Energy Bill—the well-head tax on crude oil—is politically dead, as far as he is concerned.

While far from being a surprise, Senator Long's verdict nonetheless put a damper on the news that a compromise was at long last being reached on the other unresolved part of the energy package, natural gas pricing and regulation.

The Finance Committee chairman, who is from Louisiana and whose close ties with the oil industry have never made him a supporter of the well-head tax, announced after a meeting with President Carter that the White House "is beating a dead horse when they are talking about that crude oil equalisation tax."

The administration had been, perhaps fondly, hoping that once the natural gas deadlock was broken, it might be possible to get to grips with energy taxes, such as that on domestic crude oil.

But Congress, with mid-term elections coming up, is suddenly in no mood to pass additional legislation which would raise taxes. This feeling is all the more acute now that Americans have started paying the steep increase in social security passed by the Congress late last year. Indeed, there are serious moves afoot on Capitol Hill to roll back at least part of the social security increases, although the Administration is vigorously opposing this.

The House of Representatives had passed last year a tax on the industrial use of oil, but the Senate significantly weakened this proposal. The differences would have to be resolved in a joint Senate-House conference committee, but the chances are that the conferees will also look askance at taking too tough a line over imposing taxation.

The compromise on natural gas, which has been in the works since Christmas, does constitute something of a "breakthrough, however. Under it, federal regulation of natural gas prices would finally cease in 1985. In the meanwhile, there would be an immediate increase in the price of newly-discovered gas and increases in prices, linked to the rate of inflation, thereafter until regulation ceased. It is a solution to which the Administration has become reconciled.

Police suspended

The south Chicago suburb of Robbins has suspended its entire 15-man police force, amid charges that officers have committed armed robbery, burglary and car theft, Reuter reports from Chicago.

Colombia raid

Some 150 guerillas yesterday raided a small town 110 miles east of Bogota and escaped with captured arms and \$50,000 from the local agricultural bank, police said, Reuter reports from Colombia. They said that guerillas belonging to the Colombian Revolutionary Armed Forces attacked the town of Vista Hermosa.

U.S. COAL MINERS DIG IN FOR A FIGHT

A chip off the Rhondda Valley

BY STEWART FLEMING AND JOHN WYLES IN NEW YORK

Mascoutah, Ill.: a group of miners give the thumbs down to President Carter's action.

President Carter.

PRESIDENT CARTER'S move to force an end to 93-day-old U.S. miners' strike by invoking the Taft-Hartley injunction raises the spectre of another major confrontation between a mining community and a western government—the third in six years.

The first two were, of course, in Britain and in both the 1972 and the 1974 clashes the government headed by Prime Minister Edward Heath could be said to have come off second best.

The common thread is that in their behaviour during the strike and in their reaction last week-end to a proposed settlement, American miners have demonstrated that they share characteristics of solidarity and of a siege mentality with their British counterparts.

As in Britain the longer the 160,000 United Mine Workers members have been on strike the more keenly have they felt the injustice of the deprivations and the more stubborn has been their determination not to capitulate.

The rejection of the contract proposals last week-end, even though they were recommended by the President and their own leaders, can be seen as a closing of the miners ranks against what they increasingly perceive to be an attack on their basic working rights first by employers and now by a government which does not understand their grievances. Wages, it must be stressed, are not an issue at the root of this confrontation.

As in the Rhondda Valley in Wales, the starting point for understanding the miners behaviour is that their life style for three or four generations in both nations has encouraged an insular and embattled approach to life. The individual's interests are identified with those of his workmates because of common dangers shared. The community's solidarity has been cemented by decades of exploitation living in coal company houses and buying provisions from coal company shops.

The British National Union of Mineworkers was in fact quick to offer its support and solidarity because of what it sees as an attack on American miners' health and safety defences. That help would include financial support, but the NUM is still waiting to hear what is required of it.

One of the risks for President Carter in resorting to the U.S. labour laws is that this will further alienate the miners. The sanction embodied in the Taft-Hartley law, of individual fines for union officials, and crucially, the withdrawal of food stamps will be bitterly resented. These penalties may serve only to inflame grievances. Miners in Appalachia are not frightened of long strikes. In the past five years strikes in Harlan County and Stearns, Kentucky, have lasted up to two years.

This feeling may be tempered if the President issues a directive seizing the mines from the employers while the dispute is settled.

While Mr. Arnold Miller, the UMW president, may have appreciated these fundamentals when he started negotiations for a new three year contract last August he seems rapidly to have lost sight of them when confronted with a determined group of employers, who were bent on curbing an increasingly unruly work force.

It is easy to sympathise with the employers' predicament. After two decades of contraction the coal industry has begun to look towards a brighter future because of depletion of alternative energy sources. But mounting capital expenditure in new mines and machinery has been jeopardised by wildcat strikes and absenteeism which last year cost the industry almost one-fifth of potential working time. Non-unionised competitors, who now produce half the nations coal, have not been threatened in this way.

When they entered the negotiations the Bituminous Coal Operators Association (BCOA) had ambitious objectives for stabilising labour relations through legally enforceable contract clauses. They made the mistake of believing, if they could reach agreement with Mr. Miller—a leader of doubtful authority—they would secure their objectives.

This failure of perception could be because the dominant voices in the BCOA are companies such as U.S. Steel, Bethlehem Steel and Continental Oil whose top executives may not fully appreciate that they were not dealing with a disciplined trade union.

In the past seven years the UMW has changed beyond recognition from the days of John L. Lewis who created and dominated it. A new breed of young, better educated miner and local mine leader, many of them Vietnam veterans, has entered the coal industry.

He is not prepared to accept the dictates of a distant union bureaucracy whose authority has in any case been undermined by weak and divided leadership and whose power has been undermined by democratic election of union officials.

Miners, since 1946, have enjoyed free health and welfare, a unique privilege in the U.S. Funding these benefits has become difficult in recent years because of the surge in wild-cat strikes. The employers at the outset of the talks sought both to reduce the benefits and to force unofficial strikers to pay fines into the funds. At the same time they propose dismantling what had been a union administered system and to shift the financing to a company by company basis.

Both of these provisions were agreed to by the seven-man negotiating team led by Mr. Miller in early February. Their prospects of acceptance by the rank and file were made even bleaker by Mr. Miller's agreement to disciplinary clauses which could have led to the dismissal of miners for ill-defined violations of the contract such as "fomenting" wildcat strikes or honouring a picket line — one of the most deeply engrained and hallowed traditions of the union.

When the 39 members of the union's bargaining council saw the nature of the document which Mr. Miller was supporting they were appalled. Support melt[ed] away. The contract mustered ju[st] three votes for acceptance [on] February 12 and the search f[or] a modified settlement beg[an] under intense White House pr[es]sure.

After the BCOA had chang[ed] the leader of its negotiating tea[m] several times a revised off[er] emerged based on a settlement [with] a small mining company, Pit[ts]burgh and Midway, not a memb[er] of the BCOA.

The union's bargaining coun[cil] endorsed the formula by a v[ote] of 25-13.

One big concession the co[al] companies offered under Wh[ite] House pressure, was wordi[ng] which implied that miners cou[ld] not be dismissed for honourin[g a] picket line. But dismissal wi[th]out appeal to arbitration cou[ld] still be incurred where it [is] determined that an employee h[as] picketed or otherwise be[en] actively involved in causing [an] unauthorised work stoppage [or] sympathy strike. Two days [of] unjustified absenteeism cou[ld] also be grounds for dismis[sal] under this contract.

The administration's immedi[ate] strategy seems to be aimed [at] securing at least a partial retu[rn] to work and to foster lo[cal] bargaining. But with employers saying they will [not] pay returning miners high[er] wages even this objective co[uld] be in doubt.

In Appalachia thousands [of] miners could be prevented fr[om] returning to work by a few m[ili]tant pickets. Appalachian min[ers] have died in fights over [the] principle of honouring pic[ket] lines.

In the longer term the disp[ute] will surely end. The coal co[m]panies must hope that [the] damage which the protrac[ted] dispute has already done [to] labour relations in their mi[nes] will not by then have been co[m]pounded by clumsy governm[ent] action.

Guatemala poll in chaos

GUATEMALA CITY, March 8.

A GUN-WAVING march on the electoral tribunal offices has done nothing to speed up the official results of the chaotic Guatemalan general election.

Rival politicians declared themselves winners yesterday, but the head of the electoral tribunal, which has the job of counting the votes, said that final results might not be declared until to-morrow. The polls closed on Sunday night.

There was still no explanation of why the counting was taking so long. Guatemala has only 1.8m. registered voters, and 60 per cent. of them were estimated to have boycotted the poll.

Col. Enrique Peralta Azurdia, the presidential candidate of the extreme right-wing National Liberation Movement (MLN), marched at the head of about 250 gun-waving supporters to the tribunal offices yesterday. He complained of vote rigging.

The colonel's bodyguards kicked open the tribunal doors and one of his aides said that the MLN was ready to bring supporters on to the streets to defend his "victory." But, according to official figures, the colonel is narrowly behind the government candidate, Gen. Romeo Lucas Garcia, who also claimed victory.

Gen. Ricardo Peralta Mendez, the presidential candidate of the Christian Democrats and other groups of the Centre, was a clear third in the count so far. But he told a news conference that he did not accept that he had really lost.

Reuter

Labour threat to NYC finance

BY OUR OWN CORRESPONDENT NEW YORK, March 8.

FEARS ABOUT the threat of labour disputes to New York City finances were underlined in Washington to-day by Mr. Hugh Carey, New York State Governor in House Banking Committee hearings in Washington.

Between now and the end of September the City must agree on new contracts with many of its municipal workers including policemen, firemen and transit employees. Negotiations on contracts are already underway with deadlines at the end of the month for the transit workers and end of June for municipal employees.

There is some concern, however, about the impact of these negotiations on State and City finances in the event that the tough line Mayor Koch is taking on wage increases could lead to strikes.

At the end of April, New York State has to refinance some \$4bn. of loans, its regular spring borrowings. If the refinancing takes place against a background of labour unrest in New York City it is feared that the job of refinancing could be difficult.

On the other hand unless the City is seen to be taking a strong line with its workers then the prospect of it getting the additional Federal support which it needs will be worsened, since Congress would be less likely to approve the support.

Reuter adds: New York State Governor Hugh Carey said he supported President Carter's proposal for long-term federal loan guarantees to New York City, but said the City also needs short-term financing. Mr. Carey and Mr. Felix Rohatyn, chairman of the Municipal Assistance Corporation of New York, told the House Banking Committee, New York City would need some short-term financing in its next fiscal year.

"To complete the job we began in 1975, we renew our request to the congress for long-term Federal assistance," Mr. Carey said.

Belizean PM in Guyana

Mr. George Price, the Premier [of] Belize, has arrived in Guyana [for] a short stay at the invitation [of] the Prime Minister, Mr. For[bes] Burnham, our Georgetown co[rre]spondent writes. He said [on] arrival that Guatemalan ins[ist]ence on cessation of Beliz[ean] territory to settle the territo[rial] dispute means that he has to l[ook] for a "multilateral secu[rity] arrangement" to guarantee [a] safe and secure independen[ce] for Belize. He envisaged that s[uch] an arrangement would inv[olve] Britain and other countries, [but] conceded that he has not yet b[een] able to secure it.

U.S. COMPANY NEWS

Penney outlook optimistic; U[...] boosts Woolworth; Ciba-Geigy new U.S. purchase—Page 23.

مكتبة الأهل

WORLD TRADE NEWS

Britain backs Airbus firm for Europe's future plans

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AEROSPACE has agreed with other main European aircraft manufacturers that any future civil aircraft built jointly in Europe will be developed by Airbus Industrie, the existing consortium already building the A-300 Airbus. British Aerospace is not a full member of Airbus Industrie, only an associate.

The decision was disclosed in a joint statement yesterday from British Aerospace, Aérospatiale of France, and Messerschmitt and VFW-Fokker of West Germany. It covers proposed future developments of the Airbus, such as the 220-seat B-10 version and any new "Eurojet" in the 130 to 180-seat category.

British Aerospace hastened yesterday to deny that the agreement meant that the U.K. was already committed to a share in building the new jets. It said talks were still in progress and no commitments had been undertaken.

But the terms of the statement by the four manufacturers clearly indicated that Airbus Industrie would be the company through which any such aircraft, once agreed, would be developed. As such, therefore, the statement is a triumph for Aérospatiale, Messerschmitt and VFW-Fokker, all of whom are much more deeply involved already in Airbus Industrie than British Aerospace, which builds the wings for the A-300 under sub-contract.

The statement said the four companies, having agreed that long-term collaboration was essential, had agreed to set up "a strong and competitive association for the development, production and sale of civil aircraft."

They had accordingly signed the Memorandum of Understanding, establishing agreement on their relationships and responsibilities "in respect of joint programmes covering a family of short-medium haul aircraft.

"This family includes the current Airbus versions and the A-300 B-10 derivative, as well as a short-medium haul new aircraft, JET, with two versions of 130 and 160 seats respectively," said the joint statement.

"The A-300 B-10, and the two versions of JET will be products of Airbus Industrie, reformed to take account of the additional commitments.

"In doing so, the major European manufacturers intend to demonstrate to the airlines their resolution to work together and to respond jointly to airline needs in a way that will engender long-term confidence. These aircraft are now being presented to the airlines."

It was clear on the Continent yesterday that, despite British Aerospace's denials, the strong tone of the statement was being interpreted as meaning that the U.K. was virtually committed to joining in the development of the new generation of jets.

British Aerospace itself stressed that although it was continuing with discussions with its European partners, the statement was intended solely to reassure the airlines that any new products emerging would be backed by a strong manufacturing and marketing organisation in Europe.

All of these aspects of any new joint ventures will need Government approval before they can proceed.

Nevertheless, the joint statement is bound to cause some concern, especially to Rolls-Royce, which is seeking to win orders for its engines in new U.S. aircraft, and which sees no future for itself in the European ventures (neither the B-10 nor the JET programme specifying Rolls-Royce engines).

ADRIAN DICKS writes from Bonn: German aerospace sources were surprised by the form of words used in the joint statement.

Although some observers here were inclined to view it as a manoeuvre on the part of British Aerospace to sidestep the B-10 in favour of JET, there was surprise that the U.K. company should choose this moment to sign a document apparently strengthening the functions of Airbus Industrie, a body it does not formally belong to.

The Soviet Union has given Air France permission to operate a regular Airbus service to Moscow, Reuter reports from Paris.

U.S. launch planned for Viewdata

By Lynton McLain, Industrial Staff

THE POST OFFICE has decided to assess the U.S. market potential of its Viewdata information system six months before it comes into full operation in Britain.

An announcement yesterday said the Post Office had joined Insac Data Systems in a six month marketing project. Insac was set-up by the National Enterprise Board in February 1977 to market British computer software and systems overseas.

The marketing project will be based on Insac's New York office. Staff will contact a wide range of potential U.S. users in industry and in the home.

Television and telecommunications companies will also be aproached to find ways in which a television and telephone information system could be set up in the U.S.

Such a system would differ from the British Viewdata scheme, due to go on trial in London, Birmingham and Norwich in June 1978.

In the U.S., telecommunications systems which differ from those in Britain may lead to a demand for separate information systems for separate markets. The British Viewdata system would not be "transplanted" to meet U.S. needs, the Post Office said last night.

Viewdata enables people to call-up information, about business statistics, sport fixtures, rail and air timetables, classified advertisements and recipes, over telephones and have it displayed in words and simple diagrams on television sets. The system has cost the Post Office £5m. to develop.

WEST AFRICA TRADE

Political doubts haunt exporters to Nigeria

BY MARTIN DICKSON

THE IMPORTANCE of the Nigerian market for Britain has been emphasised by official figures confirming that United Kingdom exports to black Africa's economic giant topped the £1bn. mark in 1977. Nigeria is now Britain's ninth largest export market and the second biggest outside Europe, behind the United States.

Nigeria's increased oil wealth since the huge price rises of 1974 is the reason. British exports to Nigeria were worth only £173m. in 1973, but £222m. the following year, £512m. in 1975, £774m. in 1976 and £1.07bn. last year.

The gain for British exporters is considerable. Nigeria, for example, is now British Leyland's top export market for commercial vehicles (if India is excluded, where most Leyland components are locally produced). Leyland sent more than 5,600 buses and trucks to Nigeria last year, worth £29m. Leyland Nigeria, a new company formed in partnership with the Lagos Government, was publicly launched at the end of last year.

But although Nigeria will remain a strong market there are some clouds on British exporters' horizons.

First, the country is entering a period of greater financial stringency because of declining oil revenues. Secondly, intense international competition means that British companies will have to fight harder and harder to maintain their share of the market. Thirdly, the Nigerian Government is threatening to take a much tougher line against companies that also deal with South Africa.

A weak oil market has meant a substantial fall in Nigerian production and revenue when spending on capital projects is high. Further import restrictions are therefore expected in a few weeks' time, when the Government presents what is expected to be a tough budget. The restrictions might fall heavily on consumer goods and that might affect British exporters more than those in other countries, given Nigerians' traditional leaning towards U.K. consumer products.

As it is, Britain's share of the Nigerian market has fallen considerably from the 32-33 per cent. held in the 1960s to about 23 per cent. now, a level that has been fairly constant for the past four years.

However, there is immense competition from the West Germans (with 16 per cent. of the market, up nearly 3 per cent. from 1972), from the U.S. (with 11 per cent.), Japan (9 per cent.) and France (about 8 per cent.).

The comment of one exporter, that "Nigeria is a traditional British market that is being lost in the traditional British way" is unfair. But there is concern that Britain is not getting the share of important Nigerian contracts that it might expect.

The West Germans and to some extent the Japanese are picking up many of the most lucrative contracts, worth £200m. or more.

Why Britain should be losing out in this sphere is an open question. Some point to the immense drive of West German salesmen and the reputation the Germans have established in Nigeria for delivering the goods on or even before time.

In contrast, British companies do not seem to be bidding for certain big contracts and Nigerians sometimes question how reliable U.K. companies would be in meeting delivery dates.

All that said, many British companies are putting great efforts into the Nigerian market; the U.K. had a particularly impressive exhibition at last November's Lagos trade fair. But with the rapid rise in exports has come a yawning trade gap in Britain's favour.

In 1973 Nigerian exports to Britain were worth £207m. while trade in the other direction was worth £173m. That trend has now reversed sharply. Last year Nigerian exports to the U.K. were worth £219m., a big fall from £317m. in 1976.

The gulf is attributable in large measure to North Sea oil (similar to Nigeria's low-sulphur-content crude) coming on stream and thus replacing Nigeria's imported crude. Nigerian production of traditional exports such as cocoa, groundnut and palm oil has fallen also.

British exporters see the trade gap as a delicate subject that is best not discussed, but there are no signs yet that Nigeria finds the position intolerable. In Britain's favour is the fact that it is still the leading buyer of Nigerian non-oil products. That seems to carry some weight in Lagos, where there has been criticism of the French for not buying agricultural produce, even though oil purchases mean their bilateral trade balance is in Nigeria's favour.

However, exporters in all countries are now rather nervously awaiting clarification of the Lagos Government's attitude to companies that do business with South Africa. Britain has a very substantial investment in South Africa

But the U.S. is at present South Africa's leading source of imports, with Britain and West Germany competing for second place. While British exports to Nigeria rise last year, exports to South Africa fell to £551m. from £645m. in 1976.

The new Nigerian policy was spelt out in general terms last August at the Apartheid Conference in Lagos by Lt. Gen. Olusegun Obasanjo, the Head of State.

The Government is apparently still considering how to implement the policy. At the very least it seems that no company involved in South Africa and wanting to enter Nigeria for the first time will be allowed to do so. Companies already trading with Nigeria may not be allowed to expand further unless they are seen to be progressively disengaging from South Africa.

Indications suggest that the Nigerians intend to act pragmatically. Diplomatic and business sources suggest that Nigeria may not move against companies regarded as transferring "technical know-how" to Nigeria—a phrase that might be interpreted quite broadly.

Yet however Nigeria finally decides to implement its policy, there are fears that it may make an example of some companies and act strongly against them.

New GATT approach urged for Third World

BY REGINALD DALE

DEVELOPING COUNTRIES may be making a mistake in pressing for "special and differential treatment" in all areas covered by the Tokyo Round of international trade negotiations, a report published to-day by the Trade Policy Research Centre suggests.

The report, by Mr. Sidney Golt, argues that on both tariffs and safeguard measures the developing countries might gain more by insisting on a most-favoured nation (MFN) or non-discriminatory approach.

Rather than concentrating on trying to preserve preferential tariff margins under the generalised system of preferences (GSP), the developing countries should work for MFN tariff cuts, Mr. Golt suggests.

"With the range of products excluded from GSP schemes (often goods where a number of developing countries are already competitive) and the uncertainties resulting from the operation of both tariff quotas and discretionary "escape clauses," the likely outcome is that in many cases the additional incentive to invest, which it was thought would be provided by "preferences," is more likely to be provided by production which can compete over MFN tariffs," the report says.

Mr. Golt proposes that developed countries should at an early stage introduce free entry for imports from developing countries. This should not be regarded as providing a preferential position for developing countries, but as constituting an advance instalment of the eventual general elimination of tariffs.

On safeguards, Mr. Golt says the aim should be to avert the emergence, in practice, of "special and differential treatment" to the disadvantage of the developing —and in general the smaller and weaker—partners in the international trading system.

In general, it is more important that the Governments of the major trading countries should sincerely observe the principles of an open world economy than that the developing countries should seek the liberty to disregard them, Mr. Golt concludes.

Developing Countries in the GATT System. Sidney Golt, Trade Policy Research Centre, 1 Gough Square, London E.C.4A 3DE, £3.

Iran in £90m. Krupp link

BY GUY HAWTIN

FRANKFURT, March 8.

IRAN, WHICH is a major shareholder in Krupp, one of West Germany's largest steel and engineering concerns, is now the group's largest export market. Last year it bought Krupp products to the value of some DM370m. (£94.15m.)

Last year's orders from Iran amounted to DM330m., while at the start of 1978 the country's order book with Krupp amounted to DM400m., including indirect orders.

Business with Iran now accounts for more than 8 per cent. of the concern's foreign turnover and the same proportion of foreign orders. Its bookings with Krupp constitute some ... per cent. of the order book.

The figures, given by Dr. Klaus Dyckerhoff, a member of the Krupp executive Board, indicate that 1977's transactions were no flash in the pan. The expected flow of orders this year would "in any case" be considerably higher than those of the year before.

Iran owns some 25.01 per cent. of Fried. Krupp, the group's holding company, and a similar amount in the steel-making subsidiary, as well as 40 per cent. of ... Krupp companies in Brazil.

Dr. Dyckerhoff described the country as an ideal partner for Krupp not only because it had a strong financial potential but also because it had a widely diversified market, capable of absorbing a very broad range of Krupp products.

However, Dr. Dyckerhoff asserted that Krupp faced tough competition in the Iranian market and implied that it gained no particular competitive advantage as a result of Iran's holding in the group. However, he said that the partnership was still in its early stages. Krupp was involved in "*considerable projects*" not just as supplier but with a share in the production.

Concrete plans had been produced for a factory building heavy machinery and steel fabrications. Krupp was to build the plant and, for the first few years, operate it. It would also have a share of between 10 and 20 per cent. of the owner company's $20m. equity.

Further talks were taking place about the building up of a components industry for the motor industry. Definite plans had been made, he said. Furthermore, Krupp was discussing building up locomotive production in Iran. Dr. Dyckerhoff added that the Shah had said at the Tehran Fair that it was Iran's intention to realise the project in partnership with Krupp.

Taiwan orders Israel jet

BY L. DANIEL

TEL AVIV, March 8.

AGREEMENT has been concluded for the sale of 50 Israeli-built Kfir fighter aircraft to Taiwan. The deal requires the approval of the American Government since the aircraft, designed and produced by Israel Aircraft Industries, is equipped with a U.S. General Electric engine.

Defence Minister Ezer Weizman hopes to obtain such Administration approval during current talks in Washington.

If it goes through, the sale will bring in $500m. It would be the aircraft's first export order.

If it is turned down by Washington, the Israel Government would be influenced against the recommendation submitted to it by the Knesset foreign affairs and security committee that Israel Aircraft Industries be given the green light to develop a new generation of fighter aircraft to supersede the Kfir in the 1980s.

Japan to sell trucks in America

TOKYO, March 8.

MITSUBISHI MOTOR Corporation said it plans to start exporting its new small pick-up trucks to the United States this year. The new trucks, with one-tonne loading capacity, will be shipped to Chrysler for sale through Chrysler's marketing network.

The company is sounding Chrysler on the possibility of having the trucks assembled on a knockdown basis at Chrysler's U.S. factories. It plans to produce 30,000 to 40,000 new small trucks a year, of which it hopes to sell 20,000 on the American market.

About 320,000 small trucks were exported to the U.S. last year by Toyota, Nissan, Toyo Kogyo and Isuzu Motors. Reuter.

Healey hints at softening pay clauses

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

INDICATIONS that the Government is prepared to soften some pay policy clauses it plans to insert in public sector contracts, were strengthened yesterday when Mr. Denis Healey, Chancellor of the Exchequer, told businessmen that there had been a "degree of overskill" in the first draft of the clauses.

But Mr. Healey also made it clear, during a meeting with a delegation from the Association of British Chambers of Commerce, that although some changes might be made to the clauses, there was no chance of abandoning the basic concept.

Mr. Healey was speaking on the eve of a key meeting to-day between CBI leaders and Ministers led by Mr. Roy Hattersley, Prices Secretary.

They will try to agree on new wordings for some parts of the clauses, which might stop the CBI issuing its own rival clauses to member companies.

They will examine how the responsibility of main contractors for the wage rises paid by subcontractors could be reduced.

The issue of what constitutes a pay settlement will also be examined in an attempt to make it clear to companies what sort and size of pay rises are involved.

But there seems little hope that the CBI will persuade the Ministers to set up an appeals system against Government decisions.

It is proposed that Mr. Albert Booth, Employment Secretary, be the sole arbiter and yesterday Mr. Healey indicated to the delegation that this would not be changed.

British Steel prices may rise

BY ROY HODSON

THE British Steel Corporation, which accounts for more than 80 per cent. of steel production in Britain, said yesterday that it will be considering price rises *over a range of products* and qualities in the next few weeks.

The corporation added that maximum increases will be in the 8 per cent. range rather than the forecasts of 12 per cent. rises for some products which are *being made in the industry.*

Plates, bars and certain long products are the ones most likely to become more expensive between April and June.

Corporation officials challenged the estimates of steel buyers and stockholders that some increases could be as high as 12 per cent. Such reports were incorrect.

The heart of the matter is that British Steel is anxious to harden prices in the home market to the maximum the market will stand but is unsure how far it can go without losing business.

Mr. Bill Richardson, British Steel manager for contracts and prices, said on Tuesday that prices of some products would be raised between April and June.

The corporation said yesterday that consideration was being given to increasing the present prices over a range of steel products and qualities but the top increases, which would affect only a small proportion of the market, *would only* be at the 8 per cent. level.

British Steel is refusing to be more specific on the grounds that premature release of price rises could cause false market pressures.

*British Steel officials are seek*ing higher prices because the Davignon plan for restraining steel imports into the European Community is having some effect.

ANNUAL RATE REMAINS IN SINGLE FIGURES

Inflation drop ends

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

*THE DOWNWARD trend in in*flation, as monitored by the Price Commission's early warning system, has ended. But the annual rate remains well into single figures.

In the six months to the end of February, the Commission's index of price rises notified by Britain's largest companies rose by 3.6 per cent. This follows three months in which the six-month increase has been cut back to 2.9 per cent.

Expressed as an annual rate, the latest six-month figures mean that the index is now showing an increase of 7.3 per cent. This would seem to suggest that the underlying rate of inflation has picked up again *sharply since January* when the index was showing an increase of 5.9 per cent. on the same basis. But the Commission said yesterday that it believed the underlying trend was still stable at about the level *it reached last autumn.*

This is because the latest figures are no longer depressed by the artificially low number of notifications received by the Commission last August.

The rules governing price increases were changed last summer and many companies pre-empted the change by applying for price rises under the old rules in June and July. As a result an unusually low number of notifications were received in August and September.

The February figure is also believed to have been inflated by the notifications submitted last month by the area electricity boards.

The Commission's index usually moves three to four months ahead of the Retail Prices Index. Taken with this week's figures for wholesale prices, the latest statistics suggest that the 12-month rate of *shop price inflation* — 9.9 per cent. in the year to mid-January — should remain in single figures for the rest of the year. But the improvement is unlikely to be as dramatic as in recent months.

February car sales well up

BY STUART ALEXANDER

CAR SALES were buoyant again last month. The February figure of 137,332 was the second highest for the month on record, and 7 per cent. up on February last year.

In the first two months of this year sales were up by 19.7 per cent. on a year earlier, at 289,676.

Ford, with 36,598 sales, was market leader with a 26.7 per cent. share.

It imported 12,372 cars, just over a third of its total, according to figures yesterday by the Society of Motor Manufacturers and Traders.

Second was British Leyland. In the shorter month of February, it sold *more cars than* in January, 34,194 against 32,522, and increased its market share to 24.9 per cent. against 21.35 per cent. This includes 486 Allegros imported from Belgium.

Improved supply was the main *reason given* by Leyland for the improvement, though the Super-deal campaign, launched at the beginning of February, has helped. It runs until the e[nd] of March.

The Japanese importers t[ook] a total of 12.8 per cent. of [the] market, compared with 7.6 [per] cent. in February, 1977, [and] 13.05 per cent. last month.

Third place in the s[ales] league went to Datsun, wh[ose] 7.82 per cent. share made Va[ux]hall fourth with 6.9 per cent. [and] Chrysler fifth with 6.2 per ce[nt.]

Of the 9,476 sold by Vauxh[all,] 3,348 were imported, while [the] 8,484 Chrysler sales included [...] imports.

The Continental EEC co[unt]ries increased their share fr[om] 29.1 per cent. in February 1[977] to 31.1 per cent., and a surge [in] *Volvo sales raised the Swe*[dish] share from 1.3 to 1.7 per cent.

Best-selling car was again [the] Ford Cortina at 16,729. Altho[ugh] a long way behind, the [...] pushed into second place [with] 7,640, ahead of the Ford Es[cort] at 7,572. Fourth was the Mar[ina] followed by the Allegro, [the] Fiesta, the Cavalier, the Chev[ette,] the Granada and the Sunny.

Radiation monitor plan

BY OUR SCIENCE EDITOR

A RADIATION monitor costing perhaps £200,000 for people who are exposed to radiation from the nuclear activities at Windscale seems certain to be installed near the Cumbrian factory of British Nuclear Fuels.

The contract for installation is likely to go to Nuclear Enterprises, an EMI subsidiary, which has a dominant worldwide market position for whole-body radiation monitors.

It recycles many tons of armour from former warships in the construction of medical *instruments, which are widely* used in nuclear installations and in hospitals.

The Parker Report on the Windscale inquiry, published earlier this week, recommended more permanent arrangements for whole-body monitoring of the local population as one condition for Government approval of the £600m. reprocessing plant.

Nuclear Enterprises is completing orders for whole-body radiation monitors worth about £700,000, for hospitals and power stations

The most sophisticated instrument at present on order is a double-room, high-sensitivity installation for the Rigs Hospital in Copenhagen.

Nuclear Enterprises uses *reclaimed steel from capital* ships sunk before the first nuclear explosions, and therefore very low in background radiation from which to build "steel rooms."

Mason announces Ulster jobs plan

BY OUR BELFAST CORRESPONDENT

MR. ROY MASON, the Northern Ireland Secretary, announced yesterday that the Government would re-allocate £13.5m. of its public spending in Ulster to create 3,500 new jobs in the next two years.

Priority would be given to increasing employment in health and social services, schools and libraries, he said, though full details were not ready.

He told a conference called by the Northern Ireland Committee of the Irish Congress of Trade Unions to discuss Ulster's high *unemployment that the scheme* would help preserve 1,800 industrial jobs.

No single area of public spending will be cut. Instead the Northern Ireland Office is understood to have examined various *areas where allocated sums are* unlikely to be spent and to have lumped the excesses together for the re-allocation.

Mr. Mason also confirmed a £10m. American investment for Ulster. The AVX Corporation of Great Neck, New York, will take over a factory at Coleraine, Co. Londonderry, to produce ceramic capacitors for the electronics industry.

It will employ 600 within three years, and boosts U.S. investment in Northern Ireland since 1960 *to more than £400m.*

● Prof. William Black of the Department of Applied Economics at Queen's University, Belfast, said in a public lecture that about 250,000 people had left Northern Ireland in the past 25 *years in search of jobs* elsewhere. The unemployment rate would have reached 20 per cent. if it had not been for the emigration of the past five years.

Hospital charges to rise

By David Churchill

THE COST of private treatment *in National Health Service hos*pitals will rise by up to 22 per cent. or £5 a day in some hospitals, the Department of Health and Social Security announced yesterday.

The charges, which come into force on April 1, reflect the total estimated cost of providing hospital in-patient services.

The daily charge for a pay bed in provincial teaching hospitals will rise by 7 per cent., while the charge for long-stay hospitals will go up by 22 per cent.

The average charge for an ordinary surgical hospital will go up by 8.5 per cent., from £41.30 a day to £44.80.

Other charges for private out-patients will rise by between 6 and 7 per cent. A chest X-ray, for example, will cost £6.40 instead of £6.

The Government is still committed to phasing out pay beds from the NHS. There are some 3,088 pay beds compared with 4,966 in February 1974.

GUS to gauge gas bills

A GADGET called GUS launched by the National Gas Consumers' Council yesterday will give consumers on a quarterly meter an idea of the cost of the gas they have burned.

The council devised GUS—a slide-rule—because more than one-sixth of complaints to the 12 regional gas consumers' councils in the last year concerned disputed gas accounts.

GUS explains in simple terms how to read a gas meter and shows, within a few pence, how much the gas used will cost.

British Gas said that it was considering issuing the calculators through its offices and showrooms."

Award for air companies

THE manufacturers of Concorde British Aerospace and Aerospatiale, have won the 1978 Whitbread Award for the Promotion of Franco-British Co-operation, in recognition of the two companies' co-operation on the supersonic airliner.

Capital surplus tops £7bn

MORE large inflows into the U.K. at the start of the fourth quarter boosted the surplus on capital account to £7.4bn. last year, compared with a deficit *of £2.5bn.* in 1976.

This change reflected the improvement in foreign exchange market confidence and the policy, until the end of October, of limiting the rise in *sterling.* There was, for instance, a rise in pri[vate] non-resident holdings of [gilt-]edged stock of nearly £1bn [in] the year, with little chang[e in] official gilt holdings.

Overall, there was *a sur*[plus] on capital and current accou[nts] combined of £7.36bn. last y[ear] and after further official bor[row]ing, this resulted in a £9.5[...] rise in the U.K.'s offi[cial] reserves.

BALANCE OF PAYMENTS

	£m. 1976	1977	1977 2nd qtr.	3rd qtr.	4th
			Seasonally adjusted		
Current account					
Visible balance	−3,510	−1,612	−764	+54	+
Invisible balance	+2,403	+1,577	+400	+429	+
CURRENT BALANCE	−1,107	−35	−364	+483	+
			Not seasonally adjusted		
Current balance	−1,107	−35	−336	+455	+
Investment and other capital transactions	−2,806	+4,802	+312	+1,144	+1
Balancing item	+285	+2,596	+932	+1,011	+
BALANCE FOR OFFICIAL FINANCING	−3,628	+7,363	+908	+2,610	+1
Official financing					
Net transatcions with:					
IMF	+1,018	−1,113	+217	+214	
Other monetary authorities	−34	—	—	—	
Foreign currency borrowing by HM Government*	—	+871	—	+287	
by public sector under exchange cover scheme	+1,791	+241	+33	+116	+
Official reserves (drawings on, +/additions to, −)	+853	−9,588	−1,158	−3,227	−2

* Drawing on $1.5bn. Eurodollar facility by Government

Source: Central Statistical Office

Benn plans changes in energy industries

BY RAY DAFTER, ENERGY CORRESPONDENT

MAJOR changes in the role of State energy industries are planned by Mr. Anthony Wedgwood Benn, Energy Secretary.

The fuel and power organisations are to be urged to coordinate their activities more effectively. Mr. Benn hopes to reduce the competitive wrangling between the energy industries that surfaced in the row about the pricing policies of British Gas.

He also wants the corporations to show more concern for consumers, promote industrial democracy, be more open about their activities and undertake research into energy saving.

Mr. Benn was speaking at a London conference of the trade association for suppliers of equipment to energy and process industries.

The charges are thought to indicate Government proposals on restructuring the electricity industry. The Liberals have effectively killed the Electricity Bill in this session of Parliament.

Mr. Benn said: "The time has come for a serious reassessment of the objectives which our nationalised industries should pursue in order to maximise the contribution that they make to the development of our resources and to the national interest."

Out of the 600,000 people working in the U.K. energy sector, all but 45,000 were employed by nationalised industries or publicly owned companies. These State enterprises had a total gross annual turnover of more than £9bn.

The statutory duties of the public corporations needed to be broadened if they were to discharge their proper remit in the 1980s and beyond.

Mr. Benn listed eight priorities. These were:

—The duty of the undertakings to supply energy as economically as possible.

—The need for them to co-operate with a national energy policy and with each other.

—The duty to devolve managerial responsibility.

—The need to avoid undue preference in the provision of energy supplies to different consumers.

—The duty to promote industrial democracy.

—The need to ensure that energy corporations have regard for industries which supply them with plant and equipment.

—The duty to undertake research into energy saving.

—The duty to disclose fuller information.

Mr. Dick Fowle, British National Oil Corporation's director of exploration, told the conference that the pace of exploration and appraisal drilling offshore Britain could slacken this year. The corporation forecast that between 90 and 100 wells would be drilled, compared with 116 last year.

To maintain production at a reasonably high level in the 1980s and 1990s, it was likely that oil companies would have to drill about 100 wells annually.

During the next few years, the exploration emphasis would move away from the northern and central sectors of the North Sea to new areas such as West of the Shetland Islands and the Western Approaches.

There were prospective oil bearing structures in each of these areas although many of the northerly prospects were in very deep waters, Mr. Fowle said.

In Brighton, Mr. Tony Kirkby, general manager of British Petroleum's exploration and production department, told the 4th International Conference for the Offshore Industries that gas fields in the southern sector of the North Sea were now over one-third depleted.

Oilfields currently producing or under development would reach their output peak in about three years' time.

By 1988, these fields—accounting for nearly half of the total oil thought to be recoverable in U.K. waters—would be producing crude at about half of their peak rate.

"I believe our worst enemy could be certain complacency that tends to creep in when things seem to be going well," Mr. Kirkby said.

"The Occidental Group has begun drilling an exploration well on block 14/18 next to the Claymore Field. The block is thought to be among the most promising of the concessions awarded in the latest round of exploration licences.

"Occidental's partners are the British National Oil Corporation, Getty Oil, Thomson and Allied Chemical."

Construction output down by at least 25% since 1973

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE VALUE of construction output during 1977 fell by 2 per cent. in constant price terms from the level recorded in the previous 12 months.

Provisional figures from the Department of the Environment confirm the continuing trend in falling output established over the last four years.

Total construction output is down by at least 25 per cent. from 1973 levels, with civil engineering activity running at almost 40 per cent. below the level recorded three years ago.

Orders received by contractors last year showed a 7 per cent. decline over the previous 12 months.

Forecasts suggest that output this year could show an improvement over 1977, although only a modest upturn is expected.

The value of construction work carried out by contractors in Britain last year stood at £13.4bn. at current prices, against £12.52bn. in the previous 12 months, according to yesterday's figures.

In the last quarter of 1977, output was valued at £3.51bn. against £3.53bn. in the preceding three months.

The Department estimates that the value of public sector housing work during 1977 was, in constant price terms, 13 per cent. down on the previous year.

In the private housing sector, output was calculated to be down in value by 9 per cent.

New construction in the public non-housing sector in 1977 was 2 per cent. lower than in 1976, while the value of private industrial contracts during the year showed an 18 per cent. rise.

Marks and Spencer selling paint

MARKS AND SPENCER is considering entering the highly competitive paint market, which is dominated by Woolworths.

It is selling paint as an experiment in 12 stores as an addition to its home furnishing and decorating range.

Marks and Spencer entered the home furnishing market about five years ago and sells wallpapers, sheets, rugs, bedspreads and made-to-measure curtains.

Paint is seen as a logical extension though no decision has been taken over whether to introduce it in all the company's stores.

The paint is being supplied by the Courtaulds' subsidiary, International Paint.

Victoria is amused, but no sale

By John Brennan, Property Correspondent

AN OFFER by an American antiques firm to buy London's Victoria Station has been rejected by the British Rail Board.

Mr. Jennings P. Felix, representing the Seattle legal firm of Felix and Zimmer, wrote to the Department of Trade in January, saying: "We understand that the Victoria Station may be up for sale, and if so we would be interested in sending our representatives over to discuss the matter with you."

The Rail Board confirmed yesterday that it had no intention of selling the station. But the letter from the Seattle lawyers who represent Antique World Incorporated and Antique World of Kansas City—companies that have already bought and transported two rail stations to the U.S. West Coast for use as antique supermarkets—has been taken seriously.

The Rail Board has replied to the letter with an explanation making it clear that the 22½-acre station, which dates from 1860, and which handles 171,000 rail travellers daily, is not for sale.

Scots councils 'overspending'

BY RAY PERMAN, SCOTTISH CORRESPONDENT

MANY LOCAL authorities in Scotland have ignored the Government's guideline on spending in the next financial year and are likely to exceed it by as much as £30m. overall.

Some councils have not yet drawn up their budgets for 1978-79, but it is clear from the figures so far available that suggested cash limits set out in a circular from the Scottish Office in December have been surpassed in many cases.

The Convention of Scottish Local Authorities, which never accepted the guideline figures, has estimated that on returns available from individual councils, the over-spending already adds up to £23m.

Glasgow District Council, for example, has budgeted for £10m. over its £37m. limit. Lothian Region is £5.8m. over its limit of £169m. and Strathclyde is £5m. over its £596m. limit.

The circular made clear that the guidelines given for each authority were indicative rather than mandatory and that individual councils must decide their own priorities.

"Nevertheless, it is in the national interest that the sum of the guidelines should not be exceeded taking Scotland as a whole," it added.

The Government's concern that the guideline should be adhered to was emphasised by Mr. Bruce Millan, Secretary of State, Scotland, in a Parliamentary answer last month.

He said that the economic strategy required a continuing control of public spending by councils in the coming year.

This points to a difficult meeting between the councils and the Minister when they discuss budgets early next month.

The local authorities have still not heard from him what action he proposes to take about an attempt by the Scottish Office to reclaim overpayments in rate support grant from previous years.

This particularly affects Glasgow — one of the principal overspenders — which is facing a demand for a repayment of £3.7m.

The councils have been able to increase their budgets for next year without raising rates above the 10 per cent. limit asked for by the government because of large surpluses resulting partly from the drop in interest rates last year.

The general rating revaluation just completed in Scotland has also enabled some of the rate burden to be shifted from householders to industry and commerce.

Most of the extra money is being spent on restoring cuts in services made during the last few years. Some councils have said that they could not keep within the suggested guidelines without making further cuts and declaring redundancies.

Ezra calls for talks on coke-order row

BY DAVID CHURCHILL

MR. ANTHONY Wedgwood Benn, Energy Secretary, has been asked to step in to prevent a major row between the nationalised coal and steel industries.

Sir Derek Ezra, National Coal Board chairman, has written to Mr. Benn seeking a meeting about the British Steel Corporation's refusal to order some £60m.-worth of special coke for blast furnaces because of the steel recession.

Sir Derek attacked BSC at a Select Committee of MPs yesterday for failing to take up the 1m. tons order of coke it usually placed. "We are traditional suppliers to BSC and we don't feel it is right that we should be cut off in this way," Sir Derek said.

The NCB was "suffering very seriously" because of BSC's decision, he added, giving a warning of the dangers of expecting the Board to maintain special coke capacity to meet BSC's requirements when steel demand picked up.

The Board is at present holding talks with BSC over the issue, as well as seeking Mr. Benn's intervention. It wants BSC to "share the burden," possibly by buying 500,000 tons of coke for stockpiling, and to co-operate more closely on future coke demands by BSC.

The Government could also increase its subsidy on coke under European Economic Community rules. British Steel later declined to comment on Sir Derek's complaints.

Apart from this problem, Sir Derek gave the Select Committee an optimistic picture of the coal industry's position.

He told the MPs that coal productivity was running at record levels because of the incentive scheme now operating in most pits.

The Board's financial results—the financial year finishes at the end of March—would prove to be "satisfactory," he added.

Actuary's pension advice

BY DAVID GARDNER

ALMOST all public service and public sector superannuation schemes were advised by Mr. Edward Johnston, Government Actuary, to contract out of the new State pension scheme. This was disclosed in the first annual report from the Government Actuary's Department to be issued publicly and which covers the work of the department for 1977.

The department provides a consulting actuarial service for other Government departments, none of which employs its own actuaries and the report covers the main areas of responsibility of the department.

As consulting actuary to the public services and public sectors, the department was much involved in helping other departments, employers and scheme managers to come to a decision on whether or not to contract-out of the new State scheme.

The department advises the Trade Department and the industrial assurance commissioner on the supervision of life insurance companies, of which there are nearly 300 operating in Britain.

Tether complains about irrationality

THE FINANCIAL TIMES yesterday began its cross-examination of Mr. C. Gordon Tether, the columnist dismissed 17 months ago after a long controversy about the control by the newspaper's editor, Mr. Fredy Fisher, over his daily column.

It was the 32nd day of an Industrial Tribunal hearing of Mr. Tether's reinstatement claim.

Mr. Tether, 64, who wrote the Lombard column in the Financial Times for 21 years, said he wanted compensation because the Financial Times withdrew its offer of full pay until normal retirement age and an unaffected pension.

Mr. Thomas Morison, counsel for the Financial Times, asked Mr. Tether to explain why he believed Mr. Fisher behaved irrationally towards him.

Mr. Tether replied that he had complained about various aspects of Mr. Fisher's behaviour. He acted irrationally in his implementation of the directive restricting him on subjects for the column.

Mr. Fisher had published some articles well outside the terms of the directive, but other similar articles were banned on the grounds that they were outside the terms, the tribunal was told.

The directive was an outstanding example of Mr. Fisher's irrationality. It was possible there were others, Mr. Tether said, but to cite these he would have to go through the documentation of the case.

Mr. William Wells, QC, Tribunal's chairman, intervened to say that Mr. Tether's answer was damaging to his interests.

Mr. Tether was saying that he had not really thought out what was irrational in the editor's behaviour and had spent over 30 days without having analysed the foundations of his case.

Mr. Tether announced that he had made it clear in his evidence that the one main area of the editor's irrationality, possibly the only one, was in his implementation of the directive.

Mr. Morison said: "Without going through the documents, you can give no other example of the irrational behaviour of the editor?"

Mr. Tether replied: "I think that would be true."

If he was going to have to distinguish between "one thing and another," he would say that he saw all the other aspects of Mr. Fisher's behaviour as being unreasonable or as lacking in good faith.

He agreed that he could not think of any other example of irrational behaviour without going through the documents, but the one he had given was an extremely important example.

Mr. Fisher had, however, behaved irrationally in the assumption that he was going to write a large number of articles on the EEC issue when the record was that he would never do this.

This assumption was irrational, because Mr. Fisher was dealing with someone with a reputation of writing up a column in a balanced fashion, Mr. Tether said.

Treasury studies devaluation impact

BY DAVID FREUD

A NEW Treasury study suggests that the impact of exchange rate changes on the U.K.'s competitive position depends to a large extent on the incomes, fiscal and monetary policies pursued.

A Treasury Working Paper *by Mr. John Odling-Smee and Mr.* Nicholas Hartley says the period of competitive advantage will be lengthened if a devaluation is accompanied by restrictive fiscal and monetary policies, or by incomes policy. The findings are outlined in a Treasury Economic Progress Report.

Simulations of a 5 per cent. devaluation on the Treasury model showed that, if devaluation was allowed to increase activity and thereby reduce unemployment, 85 per cent. of the initial improvement in cost competitiveness would remain after two years and a quarter after six years.

However, when restrictive policies were followed and the level of unemployment not allowed to fall, the model predicted that 90 per cent. of the initial gains would remain after two years and a-half after six years.

The study says that a single devalution will not have a permanent effect on competitiveness.

Exchange rate changes feed through to domestic prices and tend eventually to offset the initial change in price and cost competitiveness.

A permanent effect on competitiveness could only be obtained by a series of devaluations, or by continuing downward pressure on the exchange rate, so as to keep ahead of the resulting inflation. But the gain would be at the expense of a gradually accelerating rate of inflation.

With restrictive policies the simulations of a 5 per cent. devaluation showed that there would be no improvement in gross domestic product after two years.

However there would be a 1.2 per cent. gain if fiscal policy were unchanged and devalution was *allowed to increase real activity.*

Other changes in key economic aggregates after two years: current balance of payments would improve by 1.7 per cent. of GDP on restrictive policies by 1 per cent. on unchanged policies.

The retail price index rose by 1.4 per cent. on restrictive policies and 1.5 per cent. when they were unchanged: real take-home pay fell by 0.7 per cent. in the first case and by 0.5 per ent. in the second; and unemployment was constant when restrictive policies were applied and fell by 85,000 when fiscal policy was unchanged.

£2bn. tax cuts in Budget forecast

BY DAVID FREUD

THE Chancellor is likely to stimulate the economy by a net *£1.75bn. in next month's Budget,* stockbrokers Wood, Mackenzie, forecast. The package could be composed of £2bn. of direct tax cuts and £0.25m. expenditure increases, partly offset by an £0.5bn. increase in indirect tax.

The firm estimates that the public sector borrowing requirement for 1977-78 is likely to be only about £5bn., *due to control* over expenditure.

This drop in borrowing requirement has created room for the Chancellor to cut taxes, but the size of the package is subject to certain constraints.

While a lower limit of £1.5bn. has been set by political pressures, a package much over £2bn. would raise doubts as to whether reasonable money supply targets could be met, and might damage financial confidence.

The balance of payments remains a serious constraint on reflation greater than £2bn., although a package larger than this is needed to make any short-term impact on unemployment.

Brokers Phillips and Drew *forecast that credit conditions* in the money markets are likely to remain easy this month.

The authorities' aggressive selling policy for gilts to damp down the increase in money supply is expected to generate strong downward pressure on short-term rates.

The firms say that period rates are unlikely to reflect these easy credit conditions, but will be influenced by expectations of an upturn in private loan demand later this year.

Short-dated gilts will be restrained by fears over loan demand and the deteriorating balance of payments outlook. Long-dated gilts may move within a *narrow band.*

Steelwork exports should 'be raised by 33%'

BY MICHAEL CASSELL

THE CONSTRUCTIONAL steelwork industry should make a greater export effort, says a sector working party report made to the National Economic Development Council.

The report points out that substantial growth in the home market for constructional steelwork—over 20 per cent. a year—is expected this year and next, but even with exports rising steadily, the industry will until 1981 only be operating on average at 84 per cent. of its 1974 output.

Exports presently account for less than one fifth of the total value and volume of output and between 1970 and 1975 the U.K. industry's share of OECD exports, which were rising by 32 per cent. a year fell from 12 per cent. to 8½ per cent.

The sector working party says it believes that one of the key opportunities for many companies in the industry over the remainder of the decade is to take advantage of the rapidly growing world market.

The report says the industry should aim to raise exports by 33 per cent. over four years to 1981 and it should particularly avoid the usual reduction in exports when the home market is improving.

The sector working party's immediate work programme includes a detailed investigation of the industry's export opportunities and performance and it will eventually make recommendations on moves to improve *exporting activities.*

Yesterday's report says that although domestic demand for constructional steelwork should rise sharply in the next two years, home demand will fall away by 11 per cent. in 1980 and by a further 5 per cent. in the following 12 months.

"The high rate of growth in the next two years is naturally to be welcomed: however, it is most unlikely to bring a sustained level of near-capacity, since 1977 output is soon likely to be curtailed in 1980 and 1981, the report says.

"The working party recognises more forcefully than ever that the real opportunities for the medium and longer term have to come from greater success on gaining export orders.

"The world market is highly competitive; on the other hand it is also a growing market."

Constructional Steelwork Sector Working Party report to the National Economic Development Council. NEDO Books, 1, Steel House, 11, Tothill Street, London, S.W.1. Free.

EEC rule 'could add to energy costs'

By David Fishlock, Science Editor

IF BRITAIN were obliged by Common Market regulations to adopt *sulphur-removing* "scrubbers" on all its fossil-fuelled power stations, its primary energy consumption would be increased by 1.25 to 2.5 per cent.—equivalent to 4m.-8m. tons of coal a year—Sir William Hawthorne, chairman of the Advisory Council on Energy Conservation, said last *night.*

This would be about the amount of energy Britain might save if every house by the year 2000 were using solar panels to help heat its hot water supply.

Sir William Hawthorne—U.K. approach best.

Sir William, delivering this year's Truman Wood lecture on conflict and compromise between energy and the environment—to the Royal Society of Arts' in London, firmly supported the "best practical means" *approach in pollution control* adopted in Britain, in preference to the more legislative and regulatory approaches adopted by other countries.

Removal of the sulphur dioxide from flue gases of power stations involved expensive equipment and lower generating deficiencies. Britain's policy of *using tall chimneys to disperse* the fumes added little to the capital and energy costs of electricity generation.

Commenting on allegations that Britain's tall-stack policy might be increasing the acidity of Scandinavia's lakes, Sir William said the investigations were not yet completed, and were made difficult by the "extremely complicated processes in nature which involve acid exchanges."

Mineral weathering, biochemical processes in humus-rich soils, and fallen leaves could all cause greater acidification than "acid rain."

Higher economic growth likely, but little effect on jobless

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE ECONOMIC growth of the main industrialised countries could be slightly higher this year than last. But the increase was unlikely to be enough either to cut unemployment significantly or to give a major stimulus to world trade, according to this year's edition of the Economist Intelligence Unit's World Outlook.

Consequently, it will be harder to resist the spread of protectionism, the unit suggests.

The increase in gross national product in the area of the Organisation for Economic Co-operation and Development would be about 4 per cent. this year, compared with 3.6 per cent. last year.

Within the area, the U.S. economy was expected to grow by 4.6 per cent., with West Germany output 3.1 per cent. higher (against the official 4.5 per cent. growth projection).

Growth in Japan was expected to be only 6.1 per cent. in 1978-1979, compared with a Government target of 7 per cent.

Failure in the U.S. to deal with the energy problem would lead to a continuation of substantial, if declining oil producer current surpluses, while the struggle to end up with the smallest slice possible of the rest of the world's current deficit would continue to depress economic activity.

"The International Monetary *Fund is already treating with* great harshness those debtor countries with debt service problems," the unit notes.

"If protectionism were to deny debtors the export earnings with which to honour their obligations, a now manageable problem of third world debt could get out of hand when the world economy next turns downwards.

"An enormous amount therefore rides on the Tokyo round of trade negotiations."

World Outlook 1978, Economist Intelligence Unit, price £15, 27, St. James's Place, London, SW1A 1NT.

Stop this house sales gimmick, says Which?

FINANCIAL TIMES REPORTER

REGISTERED builders using the National House - Building Council's 10-year scheme as a sales gimmick, suggesting it guarantees a house "just like a washing machine," should be stopped from doing so. The latest issue of Which? the Consumers' Association magazine, adds that after the first two years the council's scheme provides cover *only for catastrophes.*

Advertisers claim the scheme offered everything from full guarantees, warranties or protec*tion against faults. In fact, it* does none of these things, Which? says.

New home buyers are given a warning by the magazine against being seduced into thinking it offered such wide cover.

The magazine says the scheme's name should be changed, but it does provide useful insurance if the builder goes out of business or if major structural faults develop.

Some of the fault in misinterpretation lay with the council, a non-profit-making body which sets house-building standards. Which? had received complaints from people who had dealt with the council when buying a new home. Its literature was described as confusing. Often genuine claims had been found by home buyers to be invalid and rather less was paid out than had been expected.

The council should spell out much more clearly what the scheme covered before people buy homes.

Intending purchasers did not see the house purchaser's agreement until contracts had been exchanged. Many purchasers were misled into thinking they were buying a home with a full ten-*year guarantee, where faults* would be put right free of charge.

Microfilm industry expands

By Christopher Dunn

MICROFILM business in the U.K. was growing beyond expectations Mr. Tony Myhill, who will be chairman of the Microforum Europe conference in June, said in London yesterday.

Cost savings for offices using microfilm made it a growth industry in a recession, with returns on investment after 18 months.

Turnover in the U.K. should be £45m. this year, and most companies hoped for at least a 20 per cent. sales growth.

Although British companies such as Caps Microfilm, owned by Pilkington Brothers, glass makers, were now increasingly important in the expansion of the microfilm industry, three U.S. companies, Kodak, 3M and Bell and Howell, dominate the U.K. market with a 65 per cent holding.

Mr. Myhill, chairman of Caledonian Reprographics, blamed the big U.S. market share on the lukewarm interest shown by British financial institutions in backing home-grown talent.

Two Government-backed lending institutions, the National Research Development Council and the Industrial and Commercial Finance Corporation, later said that they would be happy to back any worthwhile microfilm project.

Welsh study of school misbehaviour

Research projects costing more than £100,000 are being set up to study behaviour problems in Welsh schools.

Mr. John Morris, Welsh Secretary, commissioned the research.

Package holidays still available

THE EARLY booking boom in holidays abroad may be discouraging holidaymakers from trying to book, the Association of British Travel Agents said.

In spite of an increase of more than 50 per cent. in bookings compared with last year, there were still holidays available in early and late season.

Peak season summer holidays were being sold out but it was still possible to find accommodation in such popular resorts as Majorca, Italy, Greece, Madeira, the Canaries and Malta.

Swan Hunter men settle for 8½%

BY PAULINE CLARK

MORE THAN 3,000 shipbuilding workers in the Swan Hunter yards on Tyneside have become the first main manual group to settle well below the 10 per cent. pay ceiling since the Government hardened its line on wage settlements in the industry.

A decision to accept an 8½ per cent. settlement by ancillary workers—just over one-third of the total manual workforce in Swan Hunter—was welcomed by management yesterday.

The welcome came amid hopes that it might soften the approach of other groups in the yards who have yet to reach agreement on pay for this year.

Other pay pacts

The deal comes in spite of settlements, already reached, of between 9 and 10 per cent. elsewhere in the industry.

With the Swan Hunter deal and the recent 9.32 per cent. settlement for nearly 6,000 workers and staff at the Yarrow yard on Clydeside, British Shipbuilders reckon that about two-thirds of workers in the nationalised yards have settled in the present wage round.

Further trouble at Swan Hunter is not being ruled out, however, until pay negotiations on a claim now two months outstanding by 1,700 outfitters in the yards, and another for 4,000 boilermakers due in June, reach a satisfactory outcome.

Hopes for a peaceful conclusion are pinned on the progress of informal talks on the pay structure at Swan Hunter by an eight-man joint committee sitting for the past two months.

The committee, comprising shop stewards and other representatives from the four main manual groups—boilermakers, outfitters, electricians and ancillaries—are seeking a common pay anniversary date and a more unified wage negotiating structure.

There would be another bout of pay leapfrogging in Swan Hunter if the boilermakers have the same success with their outstanding "fair wages" claim as the outfitters and ancillaries did earlier this year.

British Shipbuilders management said yesterday that they were continuing to press with Ministers their case for greater independence in negotiating wage settlements.

Mr. Ken Griffin, deputy chairman of British Shipbuilders, said: "We think we could have implemented this policy with far less blood-shed than there has been so far."

Work at Swan Hunter was back to normal for the first time since Monday yesterday after 80 security guards called off sanctions in support of a 10 per cent. pay claim.

The return to work by the guards and by 9,000 laid-off fellow-workers came as 400 union delegates from shipbuilding yards throughout the country converged on Newcastle for a consultative conference.

Their agenda covered pay—including a single-stream bargaining proposal said to have been well supported by delegates, industrial democracy and redundancy and other issues facing the industry.

Mr. John Chalmers, general secretary of the Boilermakers' Amalgamation, told the delegates that union leaders would call an emergency conference if there were any suggestions from the EEC, the Government or even British Shipbuilders of further plans for big redundancies in British shipbuilding.

Mr. Chalmers said that the union would instead be pressing for early retirements accompanied by a scheme for replenishing the workforce with young labour.

"We have already had our redundancies in this industry and we believe that we will be over the hump by 1981-1982, when it will be necessary to prepare a five-year plan for the industry."

Tough job

On the proposed 1,100 redundancies at Swan Hunter, Mr. Chalmers said the unions would be looking only for long-service volunteers. Applicants would be subjected to a "clinical examination" by shop stewards to ensure that this policy was adhered to.

"The shop stewards will find it a tough job to say to some applicants: 'Sorry, you're not on the list.'"

The union policy on redundancies is unlikely to become clear, however, until the Shipbuilding Redundancy Payments Bill becomes law.

Teachers' pay row grows over plan to tax expenses

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

A TAX dispute yesterday compounded the already serious disruption of schooling in England and Wales by teachers protesting against an "inadequate" pay offer.

The 100,000-strong National Association of Schoolmasters and Union of Women Teachers ordered sanctions to be imposed from Monday because the Inland Revenue wants to tax teachers on expenses some receive for activities beyond normal school hours.

The combined union added that members would be asked to withdraw from lunchtime or evening work until their particular local education authority gives a clear assurance that it does not regard such duties as part of its teachers' contractual work.

This new move startled the educational world, now embroiled in a similar withdrawal from "voluntary" duties by members of the 245,000-strong National Union of Teachers.

This union's action—expected to disrupt and close schools in at least 110 areas by the end of the week—is over education authorities' insistence on strictly applying the 10 per cent. guidelines to the teachers' pay rise due on April 1.

Because the normal incremental salary scales are causing an upward drift in the teachers' pay bill as a whole, the authorities are refusing to offer more than about 9 per cent. for the one-jump annual rise for the 454,000 State-school staff in England and Wales.

Because the pay offer has gone to arbitration, the union's action probably would be ended once the tribunal produced its recommendations, possibly no later than mid-May.

But the combined union's decision to withdraw from voluntary duties indefinitely over the tax dispute threatens to continue the disruption of schooling in many areas for considerably longer.

This threat was emphasised by the view in some local authorities that any one which agreed to the demands would be making itself "a considerable hostage to fortune." The move had expensive implications on the issue of overtime pay.

If the duties were enshrined as entirely voluntary, it was said, the combined union could then later demand that they be made obligatory and be rewarded by extra pay.

The move also annoyed the National Union of Teachers. The combined unions' action would confuse the public about the issue underlying the teachers' protest, said Mr. Fred Jarvis, general secretary of the national union.

More at stake than pies

BY PHILIP BASSETT, LABOUR STAFF

BIRDS EYE may well find itself running up against the full force of the intransigence Merseyside labour is traditionally accused of, if it implements dismissal notices given to 1,200 hourly paid workers at its Kirkby plant.

Speculation that the dismissals are the final effort to break the deadlock at the plant, caused by a 14-week dispute involving 110 maintenance workers, grew yesterday when it became clear that Birds Eye has no plans at the moment for recruiting labour to replace those dismissed.

Mr. Kenneth Webb, Birds Eye chairman, has said that Kirkby has the worst record of any of the group's plants and that he wished the company had pulled out of Kirkby several years ago. After the dismissal notices Birds Eye managers are pessimistic about the plant's future.

Birds Eye may find, if it does try to implement the notices, that on Merseyside especially there is a difference between shedding labour when a plant is to close, as at the British Leyland TR7 plant at Speke, and dismissing workers while at the same time insisting no decision has been taken on closure.

Shop stewards at Kirkby said yesterday that they would fight the decision. Eyes are already being cast at the nearby Kirkby Manufacturing and Engineering Company (KME), which was taken over as a co-operative with a £3.9m. Government grant after a sit-in.

The dispute, which has stopped production of meat pies at the plant for the past 14 weeks, involves a pay claim by 110 engineers.

They have been offered a settlement which would have brought average basic wages up from £55 to £61.50, linked to a self-financing productivity agreement. That would have kept the deal within Government guidelines, which Birds Eye says it must do because of wage undertakings concerning the payment of regional development grants

News Analysis

Bird's Eye

it has signed with the Government.

Most of the people who have been dismissed are process workers not involved in the engineers' strike. But Birds Eye has said it regards all the hourly-paid workers as being on strike now because they had turned down the offer of work.

The strike is complicated by, and has delayed, a £6.5m. investment plan for Kirkby, which would have transferred all cooked meat products to the plant as part of a national re-organisation of Birds Eye factories. But work on buildings for the plan stopped when the maintenance men went on strike, and the plan is now six months behind schedule.

The 450 redundancies accepted earlier this week were a direct result of the delay.

Birds Eye last year held a 39 per cent. share of the £700m. frozen food trade but its share has been seriously eroded by the strike at Kirkby.

If the plant were to close Birds Eye would be out of the pie market completely. Pies do not make a great deal of money and are technically difficult to produce, but they do occupy a large amount of cabinet space, which is important to an industry which tends to sell its products by catching the eye when a shopper is looking in a cold cabinet for something else.

Some Birds Eye managers believe that after a 14-week strike, a six-week work to rule before it and a four-week strike before that at Kirkby, Birds Eye has already lost its market share and the question now is whether it can hope to re-establish itself.

A take-over of the plant by the dismissed workforce would be a different proposition to KME, which makes heating and ventilation equipment. Frozen food manufacture obviously needs an extensive distribution system. A co-operative would not have that, and any reduction in local sales would mean large-scale redundancy anyway.

Kirkby workers are worried by the Birds Eye announcement that because they see the total workforce as being on strike there will be no redundancy payments.

So Birds Eye, if the dismissal notices are not a return to work ploy, is likely to have a fight on its hands with employees who have little to lose. And as British Leyland has shown, on Merseyside that can be a very bloody battle indeed.

NUBE outlines plan for merger

BY NICK GARNETT, LABOUR STAFF

MR. LEIF MILLS, general secretary of the National Union of Bank Employees, yesterday outlined merger terms to local officials of the Guardian Royal Exchange Staff Union.

Ballot papers on the merger proposals are due to go out to the staff union's 5,800 members early next month.

The staff union's executive, which is recommending acceptance of the merger terms, is confident that the proposals will be accepted.

The move into the Guardian Royal Exchange Assurance Company would represent a significant incursion by NUBE into insurance, an area traditionally associated with other unions, particularly the Association of Scientific, Technical and Managerial Staffs.

NUBE has so far secured only one procedural agreement within insurance, at the Ecclesiastical Insurance Office, although it has also approached Sun Life of Canada for similar arrangements.

The TUC disputes committee has examined the position and decided that it would only intervene if the merger proposals breached any comprehensive spheres of influence agreement NUBE could strike with ASTMS. The unions have failed to reach such an agreement.

NUBE intends setting up a separate insurance section, to include members at Guardian, Ecclesiastical and Sun Life, and to use this as a springboard for further incursions into insurance.

Time ripe to cut work week, MPs told

BY ALAN PIKE

THE TIME is appropriate to reduce the length of the standard working week, TUC representatives told MPs investigating employment and training services yesterday.

Mr. Harry Urwin, deputy general secretary of the Transport and General Workers' Union, told the Social Services and Employment sub-committee of the expenditure committee that production schedules should not be planned on the basis of persistent overtime.

All indications were that a reduction in standard working hours would not simply lead to people working more overtime.

The amount of overtime worked when standard hours were about 47 or 48 was about the same as now.

The discrimination between the normal working hours of white-collar and industrial workers should also end now.

CBI representatives told the committee that they would be sympathetic to measures to reduce overtime but this was a matter for the unions.

Many employers, particularly small ones, the CBI said, were inclined to increase overtime rather than take on an extra employee unless they were certain there would be enough work to retain him permanently.

This was partly because of the legal complexities of taking on an extra worker, such as the requirements of the Employment Protection Act.

Mr. Urwin reinforced the TUC's opposition to complaints from the EEC Commission that the Government's temporary employment subsidy is distorting competition in some industries and should be restricted.

TUC worried about investment abroad

BY OUR LABOUR EDITOR

THE IMBALANCE of capital investment between Britain and other countries, particularly members of the Nine, was the subject of a long discussion by the TUC economic committee yesterday.

The committee had before it a letter from Mr. Eric Varley, Industry Secretary, arising from the Hitachi affair, in which Mr. Varley welcomed the TUC's reaffirmation that it was not opposed in principle to inward investment.

He also said he would be interested to hear the committee's ideas on what criteria it thought would serve the national interest.

But a TUC spokesman stressed that the TUC had no broad rules to propose and that each case should be judged on its merits.

The scale of British investment abroad was worrying. The TUC claimed that since Britain joined the EEC, U.K. companies had invested four times as much on the Continent as those countries had here.

Mr. David Lea, assistant general secretary, pointed out after the meeting that the TUC was looking for planned growth in world trade to prevent a trade war, and that the TUC, in its economic review, was calling for establishment of an international investment review agency with trade union representation.

Shop workers need help, says Low Pay Unit

THE GOVERNMENT has been urged by the Low Pay Unit to introduce measures against employers who evade paying statutory minimum wages to shop assistants.

The unit says legislation is needed requiring employers in the wages council sector to supply workers with written statements of legal minimum wages, wage inspectors in retailing should be increased, and at least all second offenders should be prosecuted.

PARLIAMENT AND POLITICS

Shore pressed on Labour plans for building industry

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

MR. PETER SHORE, Environment Secretary, was accused in the Commons yesterday of harming the construction industry by refusing to make clear whether the Government intended to adopt Labour Party proposals for its nationalisation.

Under pressure from the Conservatives, Mr. Shore would only say that he had no "current proposals" to nationalise building or construction firms. He also told the House that it remained his intention to introduce legislation extending the direct labour powers of local authorities "when circumstances permit."

The Tories pressed for more *information on his intentions* regarding the proposals put to the national executive committee of the Labour Party. The NEC report called for the establishment of a National Construction Corporation, based on one or two of the major building companies, and an extension of direct labour organisations.

Mr. Michael Heseltine, shadow Environment Secretary, accused Mr. Shore of giving evasive answers which would confirm the worst suspicions of those who had been watching the evolution of Labour policy.

Mr. Heseltine *thought* the nationalisation of the building industry was merely a question of timing as far as the Labour Party was concerned. He predicted that it would be introduced when there was minimal electoral *disadvantage* to the Government.

As long as this attitude prevailed on the Government front bench, construction would not pick up and housing investment would not flow, he argued.

Mr. Shore replied: "It is not right for the House to judge that any of these matters have been concluded. They will be discussed and looked at very carefully."

Mr. Ivan Lawrence (C., Burton) reminded the Secretary of State that the 1973 Labour Party conference had called for the *nationalisation of the construction* industry. The initial cost of implementing such a proposal would be £1.5bn., plus another £200m., in running costs, he claimed.

Another Conservative, Mr. Tim Sainsbury (Hove), said that Mr. Shore's statement that there were "no current proposals" would be severely damaging to the confidence of building companies.

Mr. Shore argued that the Government was concerned to encourage the industry. He accepted that there were difficulties over sub-contractors being placed on the Government "*blacklist*" if they broke the *10* per cent. pay code. This was still being discussed between Ministers and the Confederation of British Industry.

In other exchanges, Mr. *Reginald Freeson, Housing* Minister, made it clear that the Government sticks by its intention to restrict mortgages — an attitude that brought complaints from both sides of the House.

Mr. Hugh Rossi, Tory housing spokesman said that last year was the worst for 15 years so far as housebuilding was concerned. But the Government was prepared to make matters worse by bringing pressure to bear on building *societies to restrict mortgages.*

Mr. Frank Allaun (Lab., Salford E.) advised the Minister that the best way to keep prices down was to increase the supply of private council houses, rather than restrict mortgages.

Mr. Freeson replied that when such talk had been translated into action by the Tory Government in the early 1970s, it had led to an explosion in house prices. This, in turn, had caused a general collapse of private sector housebuilding from which we were still recovering.

He was not, however, prepared to make a specific comment on this matter until the building *societies had discussed it further* at a meeting to be held shortly. Everyone had to be concerned to get stability, not only in terms of house prices but also in terms of mortgage supply.

Warning on council house sales

A WARNING that the Government will tighten up on the sale of council houses if some local authorities continue to sell them indiscriminately was given yesterday by Mr. Reginald Freeson, Housing Minister.

Mr. Joseph Dean (Lab., Leeds W.) asked in the Commons if Mr. Freeson would consider banning the sale of council houses by local authorities where there was a known housing shortage.

The Minister replied that he was not prepared to do so at present, although he was concerned that some councils appeared to be selling them indiscriminately and with disregard for local housing needs.

If circumstances warranted it, however, he would be prepared to amend the general consent under which local authorities, are allowed to sell houses at a 20 per cent. discount.

This would mean that local authorities would have to get permission from the Department of the Environment when they wanted to sell off batches of council houses.

Mr. Freeson also indicated that the Government was considering relaxing the cost yardsticks for the building of council houses. This follows complaints that because of rising costs many local authorities are finding it impossible to get tenders for the construction of houses within the limits laid down by the yardsticks.

The Minister said he was aware there were problems, particularly in the northern region. He hoped to be able to take action at the quarterly review of housing cost yardsticks, due soon.

Ridley brings in his Budget

By Philip Rawstorne

TORY MP, Mr. Nicholas Ridley, cheered the Commons yesterday by introducing a "Budget" from the backbenches. The standard of living had been falling so fast that it was in danger of disappearing altogether, he said.

We could not afford to wait another 34 days for the Chancellor of the Exchequer and his long-predicted economic miracle.

Mr. Ridley proposed to work his own economic magic. And he had come equipped with the tricks of the trade in the shape of a battered black despatch box and a glass of apparently watered whisky.

There was a brief hiccup as the Speaker ruled that only the real Chancellor could bring a despatch box into the Chamber. "There might be a gun in it," Mr. William Hamilton protested, as Mr. Eldon Griffiths *scampered off* with the box.

In fact, it contained the Finance (Reducation of Taxation) Bill

Mr. Nicholas Ridley

whose terms Mr. Ridley solemnly declaimed in traditional language. There was no telling how many more Budgets would be crammed in before the general election, he said. But all of them would be aimed at winning it.

Miracles would therefore be predicted. Government sleight of hand would ensure that inflation would continue to fall, even if money supply were increasing too fast.

"Inflation will be measured quarter on quarter or year on year, whichever gives the lower figure," Mr. Ridley forecast. The Government might even cut VAT to get the inflation rate down to 8.4 per cent.; and urge our competitors to get their rates up.

Public expenditure would rise by 6.7 per cent.; though the increase would be presented as 2.2 per cent. — "and here I pay tribute to the Chief Book-cooker to the Treasury," he intoned. Economic growth would *suddenly blossom* in spite of nationalisation, penal taxation and bureaucracy.

Ministers would continue to use the patriotic trade union movement to hold down wages . . . with the help of the Prevention of Terrorism Act, the Mutiny Act, and deportation of offenders to the colonies.

Having spelled out the balance of probability, Mr. Ridley appealed for the improbable provisions of his own Bill. 'A reduction in the top rate of income-tax to 60 per cent., higher tax thresholds, bigger personal allowances; in all, £3.2bn. of concessions to be met by increased indirect taxes and the sale of more BP shares.

Rodgers names date for duty refund

REPAYMENT of vehicle excise duty will start on April 5, Mr. William Rodgers, Transport Secretary, said yesterday in the Commons. In reply to a Parliamentary question from Mr. Giles Radice, Labour MP for Chester-le-Street, about the arrangements for repayment Mr. Rodgers said: "I have announced my decision to make *ex gratia* payments to people who, in March 1977, interpreted a reminder issued by the driver and vehicle licensing centre as meaning that there would be no advantage in early renewal of vehicle excise duty licences in *anticipation* of possible increases in the Budget.

"Payments will be made on the basis of completed claim forms, which may be obtained by writing direct to the Driver and Vehicle Licensing Centre, Swansea, SA99 1BU. This will be the only way to secure repayments. People should not, for instance, try to reduce the duty to be paid on their next licence renewals. The closing date for claims will be April 28."

ACAS inquiries set time limit

A TORY-Left wing alliance forced a change in the Employment Protection Bill, sponsored by Mr. Ted Fletcher (Lab., Darlington), in a Commons committee yesterday.

MPs backed by 10 votes to three a Tory amendment putting a six-month limit on ACAS investigations in union recognition disputes.

Mr. Harold Walker, Employment Minister of State, warned that "hard cases make bad law" and told his Left-wing colleagues not to be too mindful of the Grunwick dispute in considering the amendment.

But several MPs argued that a time limit could help speed a solution of such disputes.

Official figures show sharp fall in immigration

BY RUPERT CORNWELL, LOBBY STAFF

IMMIGRATION FROM the Commonwealth and Pakistan fell sharply last year, while the total *of illegal immigrants detected in* 1977 more than doubled, according to statistics issued yesterday by the Home Office.

The figures are a new ingredient in the continuing political row between Government and Opposition over immigration. They seem certain to be employed by Mr. Merlyn Rees, Home Secretary, and other Ministers as proof that the inflow is well in hand and declin*ing, without the need for the sort* of extra safeguards urged by the Conservatives.

The Home Office says that coloured immigrants accepted for settlement in the U.K. dropped last year by 20 per cent. to 44,155 from 55,013. Of that total, 27,742 were accepted on arrival here, while 16,413 were already resident and eligible under the removal of the time limit.

The *biggest single* rise was accounted for by citizens of Pakistan, up 15 per cent. But U.K. passport holders entering from the Commonwealth fell by 47 per cent., while immigrants from India, Bangladesh and the West Indies were respectively 44 per cent., 19 per cent. and 35 per cent. fewer than in 1976.

Meanwhile, 809 illegal immigrants were detected by the authorities last year, compared with 394 in 1976. The Home Office insisted last night that "all reasonable and practical measures are taken to deal with illegal entry." Amnesties for illegal entrants before 1973 have been granted to 1,679 applicants.

The latest statistics come as the all-party Select Committee on race prepares to publish its own long-awaited recommendations, probably before Easter. The signs are that the MPs' report, con*trary to earlier fears,* will be unanimous, and could contain at least a gesture in the direction of the quota and dependence register advocated by the Tories.

● Mr. Rees last night came down publicly *against* changes in the existing Public Order Act as the best means of tackling racially provocative marches by the National Front.

Addressing the Board of *Deputies of British Jews,* the Home Secretary said he was not satisfied that current problems were due to shortcomings in the Act. He added that a straight ban on National Front marches would bring major difficulties of definition, and could become a precedent *for political* bans of other kinds.

Rebuke for Mason by Irish Minister

BY OUR DUBLIN CORRESPONDENT

THE IRISH Government yesterday gave public expression to its anger and dismay at recent sug*gestions* by Mr. Roy Mason, Ulster Secretary, that the Republic was a haven for terrorism. In an almost unprecedented rebuke, Mr. Michael O'Kennedy, Foreign Affairs Minister, warned that Mr. Mason was on "terribly dangerous ground."

In a radio interview, Mr. O'Kennedy described Mr. Mason's allegations as regrettable and suggested that if the British Government had any evidence or complaints these should be conveyed, in the first instance, to the Irish Government.

Mr. O'Kennedy *dismissed* as speculation the view that those responsible for the bombing of the La Mon Hotel, in which 12 people died, might now be in the Republic.

It was from figures supplied by the British security forces that the Irish Prime Minister, Mr. Lynch, had based his remark that only two per cent. of terrorist incidents had a cross-border origin, he maintained.

SNP candidate in row over shipyard work

BY RAY PERMAN, SCOTTISH CORRESPONDENT

A BY-ELECTION row blew up yesterday at Garscadden, Glasgow, over remarks by the Scottish Nationalist candidate that he would like to see the Yarrow shipyard switch from defence work to building merchant ships.

Mr. Keith Bovey, a 50-year-old lawyer and pacifist, went to the yard gates to defend his views after the Tory candidate, Mr. Iain Lawson, predicted that Yarrow's would go out of business if it abandoned naval contracts.

The yard, with 5,600 workers, is part of British Shipbuilders and one of the major employers in the constituency. Its success in winning contracts for frigates for the Royal Navy and for export has made it less vulnerable to the world recession in shipbuilding than other Clyde yards.

Mr. Bovey, who was supported by Mrs. Margo MacDonald, senior vice-chairman of the Scottish National Party, had some difficulty in persuading shipyard workers to stay to listen to his argument that Yarrow's could have a future building fishery and oil rig protection ships.

Meanwhile, Mr. Lawson, whose views were echoed by the management and shop stewards, pointed out that the yard is restricted by its size to building ships of about 7,000 tonnes. To turn to merchant shipping would cost millions of pounds and would mean discarding skills in defence work acquired over many years.

All-in schools policy attacked by Tory peer

GIFTED CHILDREN from humble homes would be excluded from a high standard education if the Government persisted in pushing its comprehensive education policy, Lord Boyd-Carpenter (C) said in the Lords yesterday.

Opening a debate on parental choice in education, he argued that the Education Secretary (Mrs. Williams) would be responsible "for the creation of more independent fee-paying schools than any educational administrator since King Edward VI."

He said that Mrs. Williams's earlier and more generous intention to strengthen parental choice now appeared unlikely to be implemented. "My plea is for flexibility, for understanding and for moderation in the application *of this policy in particular* circumstances."

Lord Boyd-Carpenter asked the Government to consider local circumstances and local needs.

Lord Beaumont (L) said there had only ever been parental choice for those who could pay for it. The way forward was to make neighbourhood schools more responsibe to the needs of parents.

Lord Belstead, for the Tories, claimed that Government policy was "fatally marred" by Ministers' disregard of what parents might actually want.

"When ministers insist on a blanket system of comprehensive schools, imposed from the centre, people knew perfectly well that this cannot co-exist with parental choice," he declared.

Baroness Gaitskell (Lab) said it would be a disaster if the Conservative Party "unscrambled the changes in education." She praised the good work of comprehensive schools.

Lord Donaldson, Minister of State, Education, rejected as "absurd" suggestions that comprehensive education had reduced choice in terms of educational opportunity. "There is no question of an academic education not being available in the comprehensive system.

The loss of parental choice only applied to the 20 per cent. of children who had been going to direct grant or grammar schools.

Assembly 'will be fair over language'

By Ivor Owen, Parliamentary Staff

AN ASSURANCE that the Welsh Assembly can be relied upon to act fairly as between its Welsh-speaking and non-Welsh-speaking staff was given by Mr. John Morris, Welsh Secretary, in the Commons last night.

He was replying to fears expressed by Mr. Leo Abse (Lab., Pontypool) in the fourth day of the committee stage debate on the Wales Bill that the Assembly may develop into a "gravy train" for the Welsh-speaking minority.

Mr. Morris told MPs: "There is no need to imagine that the Assembly would act in any way which would antagonise the English-speaking majority in the Principality."

He insisted that the Assembly men, who would be representative of the whole of Wales and fully aware that the majority of those they represented spoke only English, would act in a *commonsense manner.* Those who spoke one or both the tongues of Wales would be adequately protected so far as employment was concerned.

Mr. Morris brushed aside suggestions that over-reliance on the Welsh language would lead to a swollen *civil service* establishment in Cardiff.

He said that staff of the Assembly would have to be drawn *from* the Home Civil Service. Any attempt by the Assembly to establish a civil service branch of its own would be dependent on primary legislation being passed by the Commons.

Mr. Abse had called on the Government to provide assurances in the Bill that ability to speak the Welsh language would not be allowed to disadvantage the four out of five Welshmen only able to speak English.

Mr. Abse argued that the objective of preserving the Welsh language was being damaged by polemical fanaticism, not least by members of Plaid Cymru.

He predicted that tactics which had resulted in valuable resources being mis-spent on the erection of Welsh-language road signs in predominantly English-speaking areas would be *repeated in the Assembly.*

The result could be expenditure on additional civil servants in Wales far in excess of the £9.5m. estimated in the Bill.

Mr. Abse foresaw the need for *a translation service* if speeches in the assembly were made in Welsh and envisaged the eventual emergence of a Welsh-speaking bureaucratic elite in Cardiff.

But when challenged by Mr Geraint Howells (L., Cardigan) who pointed out that some mem*bers of* county councils in Wale make speeches in Welsh, he made it clear that he was not advocat ing a ban on the use of the Welsh language in the Assembly

Mr. Emlyn Hooson (L., Mont gomery), who said a quarter t a fifth of his constituents wer Welsh-speaking, contended tha Mr. Abse had done a disservic to the English-speaking Welsh b giving the impression of being a bigoted as those he had accuse of being bigoted. It would b wrong for the Commons to try t impose rules on the Assembly The wisest course would be t rely on the commonsense of it members.

This view was endorsed b Mr. Cledwyn Hughes (Lab Anglesey), chairman of th Parliamentary Labour Part who maintained it was unhelpfu to make a "bogey" of the Welsh language.

To remove the right of a Welsh man to speak his own languag in the Welsh Assembly would b *more intolerant than any countr* on earth, including the Sovie Union.

Mr. Hughes agreed with Mr Nicholas Edwards, shadow Wels Secretary, on the importance o retaining a unified civil servic so that there could be an inte change between civil servants i Cardiff and Whitehall and othe parts of the country.

Assembly at Holyrood call

THE PALACE of Holyroo House Edinburgh should hous the proposed Scottish Assembly Mr. Dennis Canavan (Lab., We Stirlingshire) said in the Com mons yesterday.

He added that the Royal Gram mar School, at present bein converted for the Assembly could be used by the Roya family.

Told that £378,940 would b needed to run the palace thi year, Mr. Canavan said that thi "costly white elephant" wa only used for one Royal visi and a couple of garden partie a year.

Mr. Ken Marks, Environmen Under Secretary, pointed ou that the palace was open t visitors most of the time.

Wyre Forest reserve

A NEW *national nature reserv* was announced yesterday by th Nature Conservancy Council. Th Wyre Forest is one of the mos important wildlife habitats in th Midlands. The woodlands ar relics of the former Roya Forest of Wyre. The reserve ha been established with the co operation of the Forestry Com mission and private owners.

هكذا من الأصل

It makes sound business sense to buy a £10 Parker then give it away.

We would like you to buy not one, but a considerable number of our pens and give them away.

As business gifts.

Bought in quantity, our pens cost rather less than their recommended price over the counter, although we admit, they are still expensive.

But then a Parker is a gift that will last a lifetime.

Which is more than can be said for a desk diary, or the traditional bottle of Scotch.

The Parker International below, like all our ball pens will write perfectly for 5 miles on a single refill.

It will not blacken your good name by leaking in a client's pocket.

Nor is its rolled gold casing likely to tarnish or wear away. No matter how many hard days it has at the office.

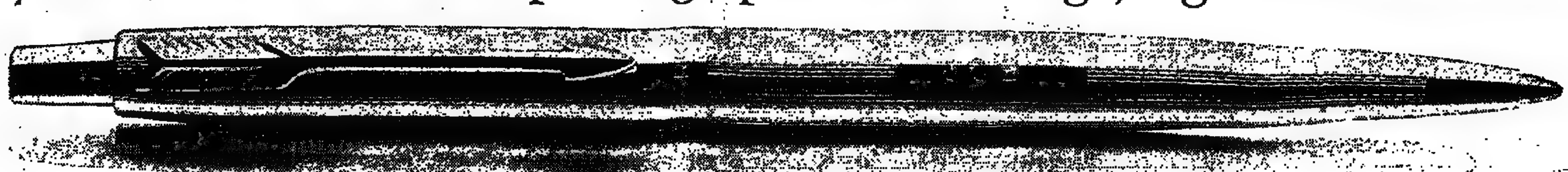
Whether you feel it speaks well of your company is for you to judge.

But we feel certain it will not follow many company giveaways straight into the client's wastebin.

If £10 wasn't quite the figure you had in mind for a business gift, we have many pens less expensive than the International, and some considerably more so.

Our Business Gifts Division can show you how each of them can be personalised with a company name, a logo or initials. And describe how they can be used in an award or incentive scheme.

They will also send colour photographs of our range, together with a price list.



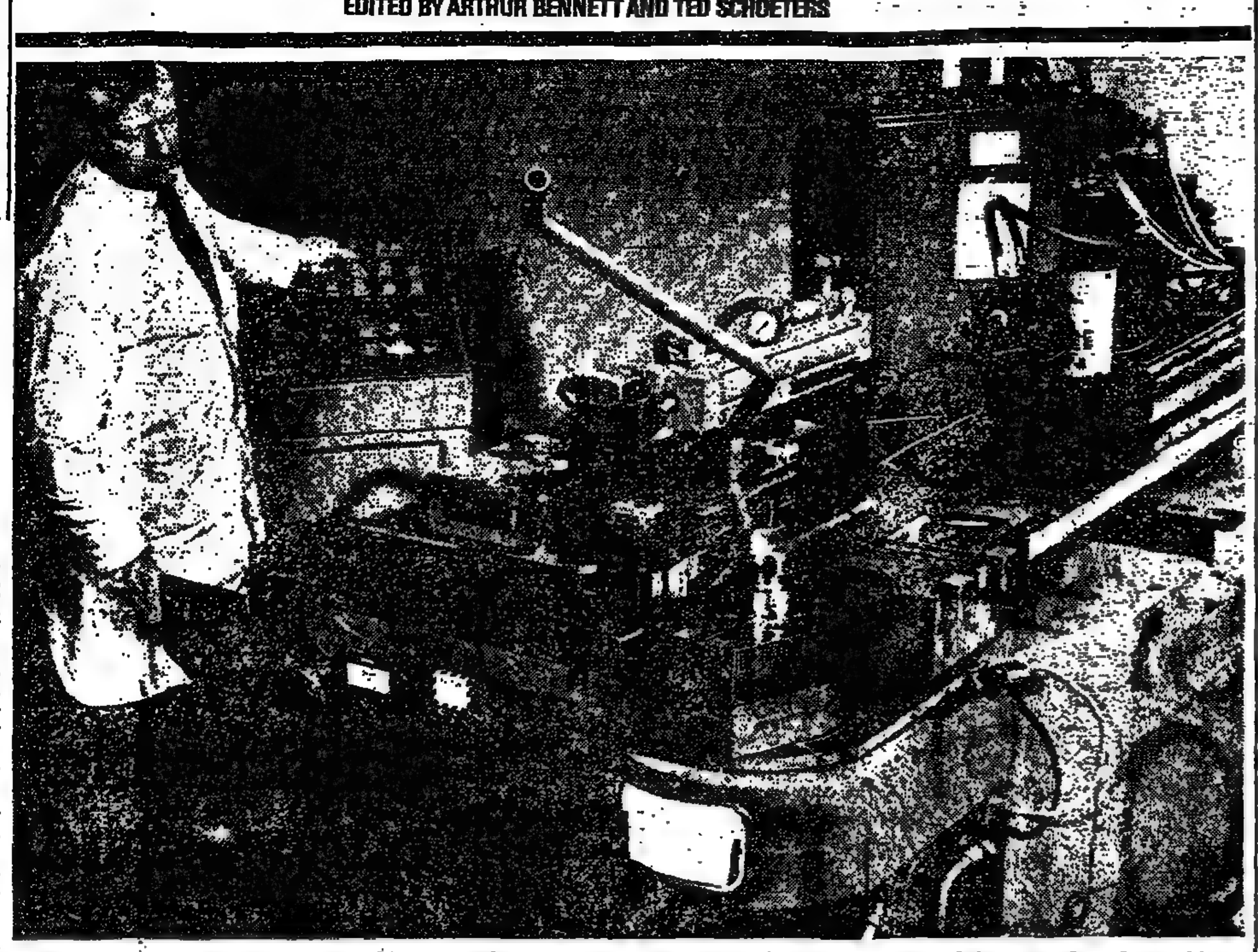
Ask your secretary to telephone John Beckett on 07912 3233 or post your business card to Business Gifts Division, Dept. 8, The Parker Pen Co. Ltd, Newhaven, East Sussex, BN9 0AU. Telex 87158 (Parker G).

PARKER

PARKER PENS ARE ALSO AVAILABLE AT QUANTITY DISCOUNTS THROUGH OUR ACCREDITED DEALERS.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS



This large-capacity tube bending machine is now in operation at the Dunlop Hydraulic Hose Division's new £½m plant set up at Sunderland for the manufacture of rigid hydraulic assemblies. Tooling, appropriate to the diameter, wall thickness and radius of bend required, is mounted on the machine and after the tube has been loaded manually the operater presses two buttons. A few seconds later the completed tube is ready for removal from the computer-controlled machine.

● METALWORKING

How to hold the work

SATISFACTORY holding of the workpiece and tooling on a machine tool are vital factors in ensuring economic safe working, high productivity and accuracy of the finished component. Yet they are areas which are often given low priority despite the fact that many of the advantages of modern machine tool design and construction and sophisticated control systems can be offset by bad workholding or toolholding practice. Investment in good equipment can yield high rewards.

In order to help users of machine tools to take advantage of modern workholding and toolholding equipment and to provide an opportunity for an interchange of views between the suppliers and users, the Machine Tool Industry Research Association has arranged two seminars at its Macclesfield premises during 1978.

The first of these, to be held on May 10, will cover up-to-date information on all aspects of the holding of both workpieces and tooling when machining rotating workpieces. Most of the speakers are drawn from companies devoted to the production of this equipment and are recognised as experts in their respective fields. In addition, the seminar will be augmented with an exhibition of workholding and toolholding equipment from a range of suppliers and opportunity will be given to discuss the products with representatives of the companies concerned.

The conference should be of interest to planning and production engineers who are faced with every-day problems in this area and to machine tool manufacturers who purchase, fit and supply workholding equipment for sale with their machines.

The second conference to be held towards the end of the year will be concerned with work and toolholding when machining *non-rotating workpieces.*

Further information from the Machine Tool Industry Research Association, Hulley Road, Macclesfield, Cheshire. SK10 2NE. 0625 25421.

Bending of small tubes

WITH TYPICAL applications in the tubular furniture and car seating/accessories, toys and leisure equipment industries an automatic tube bending machine has been developed by Russel-Bowen.

Called the Langbow Automan, it incorporates a hopper which can hold 1,000 straight tubes up to five metres long. Tubes are fed into the bending heads either singly or in pairs. One or two bends of any angle up to 180 degrees can be manipulated in tubes up to 25 mm diameter.

From loading to ejection of the finished components, the cycle is automatic. The maker claims that an output of 2,000 items/hr. can be achieved when producing, *for example*, two bends of 90 degree in 22 mm tube.

This company has also introduced the Langbow hole punching hydraulic unit, which has a *width of only* 57 mm, allowing closely pitched holes to be produced. Maximum tube capacity is 35 mm. and maximum wall thickness in mild steel is 2 mm.

Details from Russel-Bowen Systems, Milber Trading Estate, Newton Abbot, Devon, TQ12 4SG (0626 68001).

● INSTRUMENTS

Novel units for hire

FIRST new generation Hewlett Packard logic analysers to be delivered in the U.K. have gone to rental company Livingston Hire. *Users wishing to evaluate* the new 1615A and the 1610A analysers over several weeks or months, will be able to arrange short-term rental direct from Livingston.

The 1610A is claimed to have the most powerful triggering yet developed. Desired test parameters are entered through five "menus" and the analyser races through the data at 10MHz. It finds the exact location of a desired trace point through a series of sequential state conditions set by the operator. The 1610A has 32 channels.

The 1615A offers state and time interactive measurements and a unique transient detection capability—it detects transients greater than 5 nanoseconds wide and can separate them from data. The 1615A has 24 channels.

Initially Livingston has two of each model available for rental, with further deliveries phased over the next few months.

More from Shirley House, 27, Camden Road, London NW1 9NR. 01-267 3262.

Ammeter is accurate

CLAIMED TO be accurate to better than 1 per cent., a clamp-on AC ammeter is now available in the U.K. Frequency range is 40 to 400 Hz, and maximum current measurement is 1,000 amperes at a maximum operating voltage of 6,000. Readout is digital.

The unit can be used on cables *up to 52 mm diameter, and can* also be used to indicate ohms and volts to a maximum of 1,000. It is battery-powered, weighs 450 grammes (1 lb.) and is 210 x 70 x 42 mm thick. Fixed and flexible probes are available.

A dual purpose memory provides a reading hold facility, and can also be used to display peaks over a period when used for volts and current measurement.

Both user and instrument are protected from overloads and misuse by a double skin chassis insulation, and a flashing display indicating over-range.

Marketing in the U.K. is by *Kent Industrial Equipment,* Binary House, Park Road, Barnet, Herts., EN5 5SA (01-440 7161). The instrument is made in Germany by an associate company, Wessel, and it is planned to manufacture in this country shortly.

● HANDLING

Battery platform truck

STURDY and versatile, a one to 2-ton platform type electric truck *is being built in Scotland for* industrial purposes where a clean environment is required.

Power is provided from CAV motors of 0.55 bhp one hour *rating with drive to individual* wheels through helical reduction gearbox and roller chain to axle. There is one motor per driving wheel on the Electruk 500 and two motors to two wheels on the 1000.

Final drive ratio can be selected to suit individual operating conditions.

Overall size is 2,200 mm with platform length 1,760 mm and width 920 mm. Carrying height is 760 mm above the ground.

These are rider-controlled platform vehicles and will be followed by two tractors, with *trailers to be made available for* both options.

Further information on these units from AWD Electric Vehicles, Colquhoun Ave., North Cardonald Industrial Estate, Glasgow G52 4SY. 041 883 2246.

Gives the workers a lift

ACCESS TO working heights up to 35 feet can be gained with the aid of Hy-Ryder's latest "scissor" type mobile platform.

The equipment's hydraulic rams will lift up to 500 lb. of materials and men on its eight feet by four feet platform which also carries the controls which are duplicated. When not in use the *platform* can be reduced down to less than six feet in height.

It can be manoeuvred manually and may also be towed at speeds up to 25 mph. Hy-Ryder is at *Manlift House,* Crabtree Manor Way, Belvedere, Kent.

● COMPONENTS

Intel micro in Germany

SHORTLY, Siemens AG of West Germany is to take up the manufacture of the Intel 8048 microcomputer under the second-sourcing arrangements it has with that U.S. organisation.

The intention is to market in West Germany initially and if this is successful, to sell the micro in other European countries.

Like GEC in Britain, *Siemens* is already developing and selling systems built around the Intel 8085 micro and the immediate question is whether GEC is likely to follow suit with the 8048.

GEC reaction is to point out that the device involved is a relatively low-powered design suitable for use in such units as washing machines, for instance.

The 8085, on the *other hand*, is a much more powerful beast and clearly the one on which the U.K. company is concentrating at the moment, and presumably for the foreseeable future.

● DATA PROCESSING

Store goes for ICL

AFTER a run of client losses with the big stores, the announcement that ICL is to supply one of its biggest computers to Marks and Spencer should mark a turn*ing point for the top end of the* ICL range and must be particularly welcome to the company after recent unflattering official remarks concerning the company's Government installations.

Coming on the heels of major awards to ICL by Sainsburys and the Automobile Association, the £1.6m. contract with M and S is for a 2970 machine to be installed this month and run alongside an existing 1904S now working to capacity.

This last machine progressively took over the work that M and S was running on the Baric service bureau, concerned primarily with food distribution. Now, the company is looking to extend computerisation to distribution of *other products in its business*—first and foremost textiles. Textiles and general goods account for 70 per cent. of the company's £1bn. turnover.

It is well known that M and S management philosophy has always been to keep paperwork to a minimum. Accordingly, there will be a considerable expansion of the terminal net*work so that management staff* can gain access to information held in the machine immediately.

Further from ICL on 01-788 7272.

Redifon makes its mark

MARKET leader in computing equipment in Poland, Czechoslovakia and Hungary, Redifon Computers is making rapid progress on the home market where it now has 400 systems and 4,000 terminals installed.

Latest additions to this market base will be for Davy Powergas and BAT (U.K. and Export) under contracts thought to be worth well over £300,000.

BAT has ordered four Seecheck systems, replacing Honeywell Keytapes and encoders. Two will cover order entry, market forecasting and personnel records and accounts, working with a B3700.

The other two systems will go in at Southampton and Liverpool for the collection of production data.

The Davy International order is for a Seecheck which will be able to emulate an ICL 7020 and replace an existing paper tape installation as well as providing data entry for a new Univac 1100/21.

Redifon estimates that there are some 55,000 card punch and *paper tape systems still operat*ing in Britain and expects to take a very large share of the replacement business.

Redifon Computers, Kelvin Way, Crawley, Sussex. 0293 31211.

Advertising and...

Brussels brouhaha

BY MICHAEL THOMPSON-NOEL

QUITE HAPPILY, it seems, the EEC Commission is at present firing draft directives through the Nine like arrows from a quiver—one of which, the proposed directive on misleading and unfair advertising, has thudded into the flank of the British advertising and marketing community and produced very real cries of pain.

The reaction in London—Brussels will characterise it as over-reaction, if not paranoia—has been *an amalgam of* anger, frustration, disbelief and despair, for contrary to the British advice it was given, the Commission is proposing that member States harmonise their laws on misleading and unfair advertising and give their courts the powers to ban it, as well as demand the publication of corrections—even before the matter has been proved in court.

British reaction to the Brussels brainwave was typified this week by Roger Underhill, director-general of the Advertising Association, who said he firmly believed that the British system *of self-regulation* — backed as it is by some 60 statutes — was far more effective than a strait-jacket of slow, cumbersome and expensive legislation, and that he could not accept that all kinds of new civil and criminal legal proceedings should be introduced which would allow expensive advertising campaigns to be stopped in their tracks by "irresponsible or unrepresentative persons and groups."

In defence of Britain's mixed system of self-regulation and statutory control of advertising—a system held by British *advertisers to* be the fairest and most effective in the world—Mr. Underhill said:

"No legal machinery can respond to the mercurial changes of situations and opinions which *affect a business like advertising* as quickly as an effectively administered code of practice, and therefore we believe the proposal will actually work against the best interests of the consumer.

"Although the proposal pays lip service to self-regulatory bodies, it is difficult to see how our voluntary system could continue with the parallel introduction of laws which would negate that system by giving the right of alternative appeal."

Are the Commission's proposals really so horrific? The root of the trouble is Article 5 of the directive which states that member countries shall "adopt adequate and effective laws against misleading and unfair advertising" which will incorporate "quick, effective and inexpensive facilities for initiating appropriate legal proceedings." The courts would be empowered to take quick steps to prohibit offending advertising, could demand the publication of corrective statements, and would help ensure "that the sanctions for infringing these laws are a sufficient deterrent," and, where appropriate, take into account the financial cost of the advertising, the extent of its prejudice and any profit resulting from it.

The British view—based on a bedrock of respect for the self-regulatory aspects of advertising control in this country—is that Article 5 will merely provide a *feast day for the lawyers;* that a move towards a more legalistic approach will prove absurdly expensive both in money and time, and that as a result of a combination of these factors, the *interests of the consumer will suffer.*

According to Mr. Underhill: "We do not suggest that our system would necessarily work in other countries of the EEC, but we cannot accept a proposal which seeks to impose a basically German legalistic system upon all Nine and leaves no room for individual Governments to prevent advertising abuse by the means best suited to them."

It may be thought that the British are being over-defensive in refusing to accept the notion that a set of EEC-wide laws is not only desirable but could operate alongside *the British system of* self-regulation, but London's distrust of the Commission's motives goes far deeper than that for there are very few advertisers in this country who even accept the need for harmonisation of laws in this area.

According to the Advertising Association: "Both the AA and the Consumers' Association are currently working with the Office of Fair Trading to measure the size of the problem in Britain which the EEC seeks to correct." (The results of this research, probably the largest exercise of its kind ever undertaken in Britain, will be published this summer). "Whatever the results, we would query whether there is a basic legal or economic case for harmonisation: we have never been presented with evidence that different control systems jeopardise consumers or hamper operation of a uniform marketing system since this is already difficult to achieve in view of differing languages, cultures, sense of humour and so forth."

This comment neatly echoes the remarks of Lord Thomson of Monifieth, chairman of the U.K.'s Advertising Standards Authority and himself a former EEC Com*missioner*, who told the Marketing Society's conference last December that "harmonisation for harmonisation's sake is a nonsense."

What does the Commission have to say? In an *information* note accompanying the directive (the AA probably refers to it as an informatorische aufzeichnung) the Commission claims that the development of media techniques means that advertising increasingly reaches beyond the frontiers of individual member States and that laws that differ from country to country "jeopardise the effective protection of those involved in buying and selling goods and services."

There are other aspects of the directive either disliked or distrusted in London. For example, the AA heartily disapproves of the Commission's view that the burden of proof in establishing whether an advertisement is unfair or misleading be transferred from the complainant to the advertiser — though the moral grounds for such a transfer appear to me to be overwhelmingly reasonable.

But it is Article 5 which has punctured the spleen, which is *why the* AA is about to mount a lobbying campaign aimed at the Council of Ministers, the European Parliament itself (in particular, its 36 British members and the committees concerned *with consumer* protection and legal affairs), the Economic and Social Committee, and the select committees on European legislation of both Houses of Parliament in London.

At *some point, however, the* lobbyists are going to have to formulate a very closely-reasoned reply to the Commission's stance as explained in the last paragraph of its information note, which acknowledges the important role advertising plays as an information service, in helping stabilise employment by ensuring the steady disposal of production, by providing competition in the market place, encouraging innovation and making a vital contribution to the revenue of the media.

"However," says the Com*mission sagely,* "*the process can* give full value to the public only if advertising is honest and truthful. Misleading advertising and unfair advertising are improper ways of influencing the market process and consumers, competitors and the public in general must be protected adequately against them."

That is the rub.

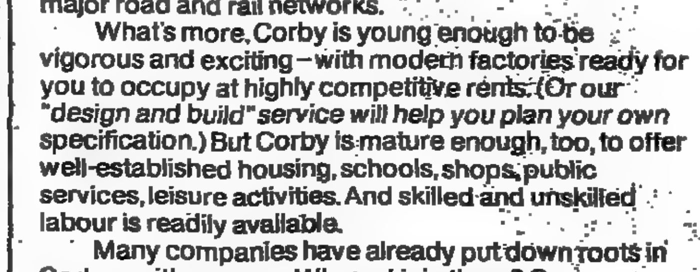
BAT's push for market share

BAT (U.K. and Export) has consolidated all its State Express 555 cigarette advertising with Allen Brady and Marsh. State Express 555 King Size is already with ABM but until now State Express 555 International has been with Benton and Bowles.

BAT refuses to say what it will spend on its brands in the U.K. this year, citing the needs of "commercial security," but as it is now possible to anticipate the time when the Government will almost certainly ban all forms of cigarette advertising in the U.K., it is thought likely that BAT this year will spend approaching £4m. in its race for market share.

● ABM HAS SET UP a subsidiary, Kershaw Advertising and Marketing, to further its ambition of becoming the largest U.K. owned agency. First client: James Walker, the High Street jeweller.

● ARBUTHNOT UNIT TRUST has appointed Saatchi and Saatchi to handle its account which should be worth £350,000 this year.



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The Marketing Scene

MEAL's top brands of the land

BY DON BECKETT

THIS IS the third year I have had an opportunity of reviewing the big-spending brands in terms of their expenditure on Press and TV and for the third year running it is the retailers of Britain who dominate the scene. MEAL's analysis of 1977's top 500 spending brands, newly published, shows that just as in 1975 and 1976 retailers occupy nine of the top ten places, and again, just as in 1976, Boots occupies the No. 1 position. It would also have topped MEAL's list in 1975 if it had not been edged into second place by the unusual appearance of the COI's massive energy crisis campaign that year.

What is new, you may ask? The superficial similarities of the three years conceal what is in fact quite a dynamic situation. First, actual expenditure levels have risen significantly each year. Second, the composition of the top ten has changed, perhaps modestly in terms of retail groups but substantially in terms of the non-retail brands. Another noticeable development has been the growth in the number of millionaire brands—that is, those with an annual Press and television expenditure exceeding £1m.

But before we look at any of these areas in greater detail, it is time to remind ourselves what the MEAL figures are and what they are *not*. We must remember when studying MEAL's figures, or indeed the tables which I have drawn from them, that we are talking about brands, not advertisers. It must be left to others to work out whether Unilever, Cadbury-Schweppes, the Imperial Group or the COI are Britain's biggest advertisers. Here we are concerned only with brands and in particular with MEAL's definition of what is a brand. Neither must we forget that all the expenditure figures quoted relate to TV and Press only and omit outdoor, radio and cinema, and are at rate card—not actual—figures.

When several "brands" have similar but not exactly the same names, or when the television and Press campaigns or the national and local campaigns are booked by different agencies, MEAL tends to show them all as different brands each with their own expenditure. Some people would not classify a retailer as a brand at all; most would not distinguish too strongly between bottled and draught Guinness, nor between the Co-op's national and local campaigns. It is for this reason that I have produced not one but three top ten tables.

The first ranking list is exactly as shown by MEAL in its new report. The second list is again based on MEAL's definition of "brand" but excludes all retailers. The List of The Third Kind is based on my own subjective view of what constitutes a brand and, as you will see, includes the retail groups this time. This final ranking is, I believe, the most realistic way of assessing total brand spending but it is a game anyone can play.

But let us put aside my own views and turn to the unadjusted figures to see what they reveal, particularly when they are compared with the 1975 and 1976 figures. Brentford Nylons and Fine Fare, of the 1975 top ten, lost their places in 1976 and are still not back in 1977. Tesco has appeared in the rankings for the first time in 1977, as has Rothmans King Size. Taking the list that excludes retailers, we see as many as six newcomers: Wills Embassy No. 1 King Size, Post Office Telephones, Weetabix, National Westminster Bank, Brooke Bond Tea Bags, and Hoover Vacuum Cleaners. They replace Benson and Hedges King Size, K-Tel Records, British Airways, Players King Size, the COI Energy Crisis and Skol Draught Lager.

Moving now from the particular to the general, a few more comparative observations may be of interest. In each case taking the MEAL standard definition, we see that 1977 compared with 1976 shows the following growth: number of brands over £3m. five (two in 1976); over £1m., 78 (50); average expenditure of the top ten, £3.35m. (£2.7m.).

So whichever way you look at it, it's costing more to get into the Top Ten, and unless you're a retailer you probably won't make it in 1978, either. Becoming a brand millionaire provides no easy passage into the elite group, because there were 78 brands ahead of you last year and no doubt there will be even more this year.

Let us say your ambitions are more modest and you would be quite pleased to be ranked in the top 100 — then be prepared to spend around £900,000 on your Press and TV advertising. Too much for the chairman and shareholders to accept? Then how about a modest ranking in the top 500? That will only set you back approximately £400,000 in MEAL terms.

If you want to be a top advertiser, are you more likely to succeed by concentrating on Press or TV? MEAL's top 500 spending brands for 1977 show that six of the Top Ten majored in Press. However, if we take the top 100, we see that 59 brands majored in TV, as did 361 of the top 500. But whichever way we look at it, there is one incontrovertible fact: in 1977, just as in 1976 and 1975, it was the shops that were the top brands in the land.

Don Beckett is a director of The Media Business.

TOP TEN ADVERTISED BRANDS IN 1977 (£m.)
(Press and Television)

	MEAL LIST		MEAL LIST EXCLUDING RETAILERS		LIST OF THE THIRD KIND	
1	Boots	5.83	Rothmans K.S.	2.21	Co-op	8.82
2	Co-op (Local)	4.29	Wills Embassy No. 1 K.S.	2.17	Boots	5.83
3	Co-op (Nat.)	4.07	BLMC Range	2.12	Wills Embassy (Cigs.)	5.21
4	Woolworth (Nat.)	3.38	Nat. Dairy Cncl. (Milk)	2.04	BLMC	5.12
5	Tesco Checkout	3.20	Post Office Phones	1.79	Tesco	4.70
6	Currys	2.96	Guinness (Bottled)	1.70	Benson & Hedges (Cigs.)	4.11
7	MFI Warehouse	1.91	Weetabix	1.67	Woolworth	4.00
8	Williams Furniture	2.49	National Westminster	1.65	British Gas	3.76
9	Rothmans K.S.	2.21	Brooke Bond P.G. (Bags)	1.62	Debenhams	3.23
10	Allied Carpets	2.17	Hoover Vacuum	1.57	C and A	2.75

Source: Media Expenditure Analysis

Standard v. News: the big fight

ANYONE NOT IN the advertising or newspaper business could be forgiven for wondering why London's evening newspapers, with their rapidly diminishing influence and small advertising revenues, generate such heated debate and publicity, writes Mike Townsin.

The reasons, of course, are part historical and part contemporary—the ancient rivalry between Vere Harmsworth's Evening News and Lord Beaverbrook's Evening Standard, and more recently, the takeover of Beaverbrook by the Trafalgar House conglomerate.

Beaverbrook, now renamed Express Newspapers, is planning to launch a new down-market London evening paper, not unlike the Sun in style and content, which appears to be designed to topple the Evening News as it attempts to change its image: though it has always had a predominantly down-market readership, the News is in the process of moving up-market editorially in order to capture a bigger share of advertising revenue upon which both papers are almost wholly dependent for survival.

In spite of its lower absolute circulation, the Standard takes well over half of the estimated £27m. advertising revenue shared by the two papers, 60 per cent. of which is classified. Its younger up-market readership is a huge asset in an area short of up-market media.

There is a certain inevitability to this confrontation. The New's circulation has almost halved in the last seven years to 564,000 while the Standard's has dropped by a quarter to 396,000, trends which have accelerated in recent years due to a combination of restricted distribution, competition from local radio and a decline in the number of households in Greater London. Perhaps, too, the nature of the area militates against the survival of the News in particular.

And both papers are losing money—the News an estimated £5m. a year and the Standard over £1m., primarily because of high distribution and production costs compared to the national dailies, though this is to some extent off-set by lower newsprint and ink costs.

Since it is fairly obvious that London cannot support two evening newspapers, let alone three, there has to be a very good reason why Express Newspapers' chairman, Victor Mathews, should consider a new London evening an attractive proposition. And it is not too difficult to work out. The News's threat to the Standard as it moves up-market in style and content leaves the needs of down-market readers increasingly unfulfilled.

If the new paper were successful, the News would go out of business, leaving Trafalgar in control of the market, with the choice of either continuing to publish two papers or simply killing the new one and producing a single paper with a broader appeal than either.

If the politics are not perfect, the economics of it for Mr. Mathews certainly are. Distribution costs would be shared with the Standard, so reducing them for both papers. Unused plant capacity would be utilised and productivity further increased by employing existing labour. This, of course, would be dependent upon union co-operation. But this may well be forthcoming in a situation where the choice is redundancy through closure or more jobs through expansion—a choice not unknown in Fleet Street.

Mike Townsin is media director of Young and Rubicam.

LOMBARD

A mission for the giants

BY GEOFFREY OWEN

A GOOD MANY manufacturing companies in this country, especially the larger ones, take pride in the fact that over the last few years they have been reducing the size of their labour force while increasing the volume of business. The emphasis has been on rationalisation, labour-shedding, getting more profit out of existing assets: there has been little enthusiasm for new ventures, least of all high-risk ones. Some of these companies operate in what are sometimes called mature industries, where they generate more cash than can be absorbed in their existing operations. In the prevailing climate of uncertainty they have been happy to pile up a large cash stockpile in case of some unforeseen disaster. Sometimes they have used part of the cash to buy up another large, established business—and the first thing they do with *that* business is to prune it, squeeze labour out of it and make it more efficient.

Existing plant

All this makes perfectly good sense; everyone agrees that the country's first priority is to improve productivity and to use the plant and machinery which we already have to better effect. But what the country also needs is new products, new factories and new jobs, and it is not obvious where they are coming from. Is it unreasonable to suggest that those large, cash-rich companies which want to diversify should think more in terms on creating new businesses instead of simply taking over existing ones? I am not saying that the transfer of subsidiary X from owner A (who has got bored with it) to owner B (who thinks he can do a better job with it) is not good for the economy. But there are surely more creative forms of diversification available.

An interesting example is that of Exxon, the world's largest oil company, which has been devoting a good deal of effort in the last few years to the support of high-risk entrepreneurial ventures, quite unrelated to its main lines of business. To some extent this activity may stem from uncertainty about the long-term future of the oil industry, but instead of following the conventional route of making a large acquisition in a different sector (as Mobil, for instance, bought into mail order and retailing by buying Montgomery Ward), Exxon set up a new business development arm to back new, high-technology businesses. Some of these have been in-house operations, wholly owned by Exxon; in others the company has been a partner with other venture capitalists. The most successful investments seem to have been related to the so-called "office of the future" market: an electronic typewriter called QYX (pronounced quicks) is said to be causing concern to IBM.

There are, of course, all sorts of problems when a giant company, with its long chain of command and bureaucratic procedures, starts meddling with businesses that need to react with lightning speed to market and technological changes. The long-term growth of Exxon Enterprises is hard to predict. The Exxon people concerned, to quote a recent *Fortune* article, "speak of the entrepreneurial spirit as though it were an endangered species they had been specially designated to protect." But they are not doing it for charity. They are trying to create something new, to grow up with a new industry and win a respectable share of it, and they are looking for a return which will satisfy their own shareholders.

There are examples in this country of companies which have provided advice, cash and management services for new firms, sometimes started by ex-employees. Companies in research-intensive-industries such as electronics or chemicals should be able to generate enough new business opportunities *in their own fields, but even* for them there are often specialised, low-volume lines which are better handled separately, perhaps as a joint venture between an owner-manager and the parent company.

Purchasing

Mr. C. C. Pocock, chairman of Shell Transport and Trading, referred in his Ashridge lecture last year to a number of ways in which big companies could help small business. Big groups, he said, should be more conscious of the needs of small firms in their purchasing policies. They should find ways of helping them with buildings or equipment which may be redundant. Mr. Pocock also suggested financial pump-priming for the small operator while he is establishing himself: the assignment of specialists to help with costing and accounting; and support for an innovator in his early years with a view to a lasting relationship later.

Which of these methods is appropriate will vary from company to company. But it would be nice to think that boards of directors could ask themselves at the end of each year not simply "How much has our labour force gone down?" but also "What new businesses have we created or helped to create?"

Welsh keeping an anxious eye on their telly

BY ROBIN REEVES, Welsh Correspondent

WALES, MORE than anywhere else in the U.K., is awaiting publication of the Government's promised White Paper on the future of the Fourth TV Channel with considerable anviety. In the balance hangs a problem which has been arousing strong passions in the Principality for nearly a decade — the introduction of a Welsh language television service.

The issue is not one which concerns only the country's ½m. Welsh speakers and members of the notorious Welsh Language Society. The non-Welsh speaking majority in Wales is equally anxious to see an end to programmes on existing channels which they do not understand.

Unsatisfactory

The situation has been long accepted as highly unsatisfactory and the Government is committed in principle to allocating the fourth channel in Wales to a Welsh language service, whatever it decides to do in the rest of the U.K. — either adopting the Annan committee's recommendation for an Open Broadcasting Authority or allowing an ITV 2.

But the Welsh commitment is one on which the Government has prevaricated more than once and, granted that it is not a problem of high priority in the U.K. generally, there is a genuine fear in Wales that the Government may find further reasons for delay.

In that event, the disappointment in Wales would be profound. Last month, the editor of an influential Welsh magazine suggested that if present hopes went unrealised, some elements in the Welsh speaking community could move to more extreme acts of violence than the incidents of damage to transmitters, occupation of television studios and the throwing of paper darts in the House of Commons chamber which have occurred so far.

As long ago as the early 1960s, Annan's predecessor, the Pilkington report, warned that unless there were programmes in Welsh at peak viewing times, the Welsh language and culture would suffer irreparable harm.

Pilkington did result in a steady increase in Welsh language programmes during the 1960s but not enough to counter the *increasing influence* of English in practically every Welsh-speaking home. A steady stream of warnings continued about the effect television was having on the language, particularly among children, and a number of petitions were drawn up calling for more Welsh programmes.

The issue began to receive serious attention only after it was taken up by the Welsh Language Society, which embarked on an increasingly militant campaign of damage to television facilities, which led to the imprisonment of dozens of their members for sentences ranging from a few months to up to two years.

These activities culminated in 1973 in a Wales national conference, attended by representatives of every local authority and institution in the Principality, which called for special Government consideration to be given to Wales in the matter of a fourth television channel — now looming on the horizon.

A year later, the committee set up by the Government under Sir Stewart Crawford to study broadcasting came out with a strongly worded recommendation in favour of the fourth channel being immediately allocated in Wales for a Welsh language service.

"The social need in Wales for the service is pressing and we recommend that it should be introduced on the fourth channel in Wales as soon as possible, without waiting for a decision on the use of the fourth channel in the rest of the U.K. This would also give the service an opportunity to build up its audience before having to meet competition from Fourth channel programmes broadcast from transmitters in England," the report said.

The report recommended that the Welsh channel should be managed jointly by BBC Wales and HTV with the help of a government subsidy. It recognised that the subsidy was breaking new ground but underlined that the needs of Wales were a special case. "The cost would represent an investment in domestic, cultural and social harmony in the UK," the report said.

The Government immediately set up a working party on the subject and the resulting Siberry report concluded that a joint BBC-HTV service of 25 hours a week would involve (at 1975 prices), about £6.2m. in capital expenditure and about £4.75m. *a year in operating* costs. It also estimated that the earliest practicable date for the start of the new service would be three years from the approval to start work.

Nearly three and half years have passed since Crawford reported and 2½ years since Siberry. Yet Wales is still awaiting the final go-ahead. The intervening period has seen publication of the Annan report, which reaffirmed the Crawford recommendations and a succession of Government statements regretting that public expenditure restraint precluded an immediate go-ahead for the Welsh language channel.

The reasons for the delay have been generally, if reluctantly accepted, though they would have cut more ice in some Welsh quarters if the Government, during the same period, had not sanctioned £12m. to establish a colour television service for 150,000 servicemen and their families in West Germany, and several millions on re-equipping television studios.

The intervening period has also produced a debate within the Welsh-speaking community itself, on whether a separate Welsh channel was the right way to foster the language. A minority argued that it would have the *effect of placing Welsh* in a ghetto, thereby promoting its decline. The only way to ensure the survival of Welsh would be to keep reminding every Welshmen of its existence by keeping Welsh language programmes spread throughout every channel.

Aspirations

The trouble with this line of argument has been that it does not recognise the aspirations of the non-Welsh majority in Wales for a regional television service free of Welsh language programmes.

It is equally clear that slotting Welsh language programmes into the existing BBC and HTV schedules has gone about as far as possible. Presumably as a result of its rating battles with ITV, the BBC these days is actually broadcasting fewer programmes in Welsh than it used to do. The average works out at less than an hour a day. HTV's position is summed up by its response to recent pressure for an immediate increase in children's programmes in Welsh, pending the arrival of the Welsh channel. It could offer only half an hour a lunchtime.

But implicit in the minority view is a fear that a Welsh language channel cannot hope to compete with English language television, either because it would not command sufficient resources or because there might prove to be insufficient talent within the Welsh-speaking community to sustain a comprehensive service.

That said, competing with the BBC would, of course, still present an enormous challenge. Hence, the proponents of the Welsh channel are hoping for a Government White Paper which would give the go-ahead for Wales but delays a decision on the fourth channel in the rest of the U.K. It would initially mean one less competitor during the run-in period.

But if the Government decides instead on positive action for the whole of the U.K., then from Wales' point of view Annan's Open Broadcasting Authority is obviously preferable to ITV 2, since it is less likely to lead to a revival of what is known in Wales as the English deprivation factor.

£18 worth of facts and figures on the flat

RACING BY DOMINIC WIGAN

AN ANNUAL racing publication has never achieved greater acclaim in post-war years than the Timeform organisation's Racehorses. The 1977 edition, now out, falls no way short of its predecessors.

Although priced at the formidable figure of £18, Racehorses of 1977 certainly gives its readers full value for money, with the 6,500 horses who ran on the flat in 1977 all evaluated—some with lengthy essays and photographs to their credit.

Alleged, the subject of a five-page essay and the same number of photographs, is credited with a 137 rating by the compilers and is Racehorses horse of the year, while others top-rated in their respective categories are Dunfermline and Sagaro (joint leading stayers on 133), Try My Best (leading two-year-old 130), Cherry Hinton (best of the juvenile fillies 125) and Gentilhombre (champion sprinter 131).

One Racehorses evaluation I find hard to agree with is that of Gentilhombre as champion sprinter. Even allowing for notable improvement between the July Cup and the Prix de l'Abbaye at Longchamp in early October, I would never have expected Gentilhombre to have gained his revenge on the ill-fated Marinsky for a July Cup performance by the Irish sprinter which left Gentilhombre looking extremely second-rate.

Racehorses of 1977, referring to Marinsky's performance, says: "Accounted for some of the best sprinters in this country with impressive ease."

Racehorses of 1977, which gives the age, colour, sex, breeding, form summary and Timeform racing of merit to each horse, is available from Timeform House, Halifax, West Yorkshire HX1 1XE.

Turning to to-day's sport, three novice hurdles, Atlantic Bridge, Eltham and Mackelly, strike me as the afternoon's most reliable bets. Of the trio, the last-named, who may have been in need of the run at Newbury on Saturday, is likely to start at the most advantageous odds. He is suggested as a sound bet for division one of Stratford's Snitterfield novices' hurdle.

STRATFORD

2.15—Fruit Picker
2.45—Mackelly***
3.15—Exhibit B
3.45—Air General
4.15—Comet Kohoutek
4.45—Crown Bowler

WINCANTON

2.00—Pardon
2.30—Miss Boon
3.00—Peter Grimes
3.30—Mountolive
4.00—Pensive Prince
4.30—Atlantic Bridge**
5.00—Eltham*

Watching the snows disappear

WINTER SPORTS BY ARTHUR SANDLES

THERE WAS a cartoon once which showed two skiers standing on the balcony of a ski lodge. Here and there in the vista around them shoots were forcing their way through fast disappearing snow. Birds sang, the sun was shining. One of them was saying to the other: "God, how I hate spring."

To the enthusiastic skier winter can sometimes be all too short. It is true that the next couple of weeks will see the best skiing the season can offer, but it also presents the greatest disappointments. Already some of the lower resorts are losing their snow. Mayrhofen, one of the top three as far as British package tour visitors are concerned, has been reporting no snow at all on its lower runs. Alpbach is suffering the same fate. The Ski Club of Great Britain talks of "bare patches everywhere" on the prestige runs of Kitzbuhel, and at Crans Montano the runs to the resort are badly worn.

What a reversal all this is from only a few weeks ago. Then the Alps, like much of Britain, had more snow than they could handle. The warmer weather since then has taken its toll. Scotland seems to be having good ski weather of late, although there too warmer air has been around for the past week or so.

Scotland tends to be one of the areas where the skiing is better late and where snow conditions remain good well into the spring. The same is not true of many Alpine and Pyrenean resorts. If the snow reports you read in this and other papers indicate poor snow conditions now it is highly unlikely that things will improve again this season. At this time of the year once the earth is bare it rapidly warms and simply will not hold a new layer of snow.

So far this season the best snow seems to have been in the area to the south and east of Geneva—from Verbier down through Flaine and Val d'Isere to Courchevel and Courmayeur. As far as height is concerned I am extremely cautious about heading for any resort which has runs *below 1,500 m. and real*ly the bulk of the skiing should be above 2,000 m.

A couple of weeks ago I ventured into a discussion of broken limb costs in various countries. Apart from provoking a few kind inquiries about my own health (what I had thought to be a broken back turned out to be a kidney stone!), it also prompted brokers J. Perry, who do much *of the travel industry's bi*g insurance work, to do further research on hospital costs. It emerges that the cheapest place to be hospitalised (other than those countries which reciprocate *health service schemes*) is Spain, where the normal charge is around £22.61 a day for room only. The most expensive, inevitably, is the U.S., where your basic rate is likely to be around £77 a day. In France the rate is around £54.

Opera manuscript for £70,000

SALEROOM ANTONY THORNCROFT

THE AUTOGRAPH manuscripts and corrected typescripts of "Arabella," the opera written by Hugo von Hofmannsthal for the music of Richard Strauss, sold for £70,000 at Christie's yesterday. The manuscripts were bought by the Austrian National Library, which also paid £45,000 for the autograph manuscript of "Der Rosenkavalier," another Hofmannsthal-Strauss success.

The items were sent for sale by the trustees of the Hugo von Hofmannsthal estate, who contributed also a short story, Das Märchen der 672 Nacht, written by Hofmannsthal when he was 21, bought by Breslauer for £10,000 and the film script for "Der Rosenkavalier," which the Austrian National Library acquired for £5,000.

Other high prices in the auction of manuscripts and letters, which totalled £263,899, were £20,000 from Quaritch, the London dealers, for a collection of 17th-century English plays, discovered in the library at Castle Ashby last September, and £19,000 from Quaritch for the original typescript of Shaw's *Heartbreak House*, sent for sale by RADA.

An anonymous American collection of Napoleonica, covering his history from his rise to power to the return of his body from St. Helena to Paris in 1840, realised £34,993 for 122 lots in the same sale.

A vivid description of the Battle of Waterloo, sent in an autograph letter by Wellington to Field-Marshal Lord Beresford in July 1815, was bought by an English private collector for £3,300, and Quaritch paid £1,600 for the autograph draft manuscript of Elizabeth Barrett Browning's poem Napoleon's Return, describing the bringing back of his body from St. Helena.

A piece of Napoleon's coffin, once in the possession of Charlotte Bronte, together with a note written by the novelist in Brussels in August 1843 recording how the relic had been given to her, went to the purchaser of the Wellington letter for £850.

There were some interesting prices at Sotheby's yesterday. Modern British art, sometimes a difficult market, was in demand with a total of £209,185 and only 6 per cent. bought in. An abstract painting by Graham Sutherland, "Insect" was bought by Marlborough Fine Art for £14,000, and Ben Nicholson's "White Relief" sold for £13,0[illegible]. "Portrait of Teresa Gosse" by John Singer Sargent made £12,000, and another Sutherland abstract, "Hanging Form," £9,500. The biggest surprise was the £6,200 from the Fine Art Society for "A Mid Summer Morning" by Henry Scott Tuke. The price was well above the forecast and was an auction record for the artist, the previous best being £550.

At Bonhams there was a high price of £2,300 from a London gallery *for a set of four hunt*ing etchings by R. Havell after James Pollard. Their rarity accounted for the price, more than three times the forecast. The sale totalled £13,163.

Wine prices stay firm

BY EDMUND PENNING-ROWSELL

SOTHEBY'S all-day sale of fine wines yesterday showed how firm prices remain, thanks largely to Continental and American buyers. The total was £85,797.

Unusually prominent was a large consignment of Burgundy shipped back across the Atlantic by a U.S. wine merchant. It is a sign of the unique position of the London auction rooms that they should be returned there for sale. A number of wines sold yesterday were making their third transatlantic trip.

A top price was £810 for a dozen bottles of La Tache [illegible]; £360 was paid for six magnums of the '49 and £305 for a dozen bottles of the '59.

Richebourg '47 from the same estate made £310 a case, and '59 went for £305. A [illegible] Chambolle-Musigny '19 originally from the celebrated Bar[illegible] cellars in Baume went for £[illegible]

TV/Radio

BBC 1

† Indicates programme in black and white

7.05-7.55 a.m. Open University. 9.41 For Schools, Colleges. 12.35 p.m. On The Move. 12.45 News. 1.00 Pebble Mill. 1.45 Trumpton. 2.00 You and Me. 2.45 For Schools, Colleges. 3.00 Children's Wardrobe. 3.25 Closedown. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Winsome Witch. 4.25 Jackanory. 4.40 Scooby Doo. 5.00 John Craven's Newsround. 5.05 Blue Peter. 5.35 Ludwig.

5.40 News (London and South-East only).
5.55 Nationwide.
6.20 Nationwide.
6.45 Tomorrow's World.
7.10 Top of the Pops.
7.40 The Good Life.
8.10 Wings.
9.00 News.
9.25 Cannon.
10.15 Breakaway Girls.
11.10 Tonight.
11.45 World Figure Skating Championships from Ottawa.
12.10 a.m. Weather / Regional News.

All Regions as BBC-1 except at the following times:

Wales—1.45-2.00 p.m. Barnaby. 4.40 Crystal Tipps and Alistair. 4.45-5.05 Tren Sgrech. 5.55-6.20 Wales Today. 6.45-7.10 Heddiw. 12.10 a.m. News and Weather for Wales.

Scotland—11.30-11.50 a.m. For Schools (Living in Scotland). 5.55-6.20 p.m. Reporting Scotland. 7.40-8.10 Current Account. 12.10 a.m. News and Weather for Scotland.

Northern Ireland — 11.30-11.50 a.m. For Schools (Ulster in Focus). 3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 11.10-11.40 The Hong Kong Beat. 12.10 a.m. News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 a.m. Open University.
11.00 Play School (As BBC-1 3.55 p.m.).
4.55 p.m. Open University.
7.00 News on 2 Headlines.
7.05 Your Move.
7.30 Newsday.
8.05 Gardeners' World.
8.30 Living in the Past.
9.00 International Table Tennis.
9.30 The Question of Immigration: debate.
11.00 Late News on 2.
11.10 Men of Ideas.
11.55-12.00 Closedown: Stephen Thorne reads "The Great-Grandmother" by Robert Graves.

LONDON

9.30 a.m. For Schools. 10.48 Heidi. 11.00 Schools (continued). 12.00 Charlie's Climbing Tree. 12.10 p.m. Rainbow. 12.30 Make It Count. 1.00 News. 1.20 Help! 1.30 Crown Court. 2.00 After Noon. 2.25 Shades of Greene. 3.20 Quick on the Draw. 3.50 The Sullivans. 4.20 Little House on the Prairie. 5.15 Mr. and Mrs.

5.45 News.
6.00 Thames at 6.
6.35 Crossroads.
7.00 The Bionic Woman.
8.00 Robin's Nest.
8.30 Armchair Thriller.
9.00 George and Mildred.
9.30 This Week.
10.00 News.
10.30 Time for Business.
11.15 Drive-in.
11.45 What the Papers Say.
12.00 Close: Leonard Pearcey reads a poem by Louis MacNeice.

All IBA Regions as London except at the following times:

ANGLIA

1.25 p.m. Anglia News. 2.00 Women Only. 4.20 Clue Club. 4.45 Solo One. 5.15 Emmerdale Farm. 6.00 About Anglia. 6.20 Arena. 7.00 Bygones. 7.30 Gold is Where You Find It. 10.30 Folk in the East. 11.00 TV Movie: "Lisa, Bright and Dark." 12.30 a.m. Living World.

ATV

1.20 p.m. ATV Newsdesk. 3.20 Beryl's Lot. 3.50 Houseparty. 5.15 Happy Days. 6.00 ATV Today. 7.00 *Emmerdale Farm.* 7.30 Bionic Woman. 10.30 Police Woman. 11.30 Master Golf.

BORDER

†1.20 p.m. Border News. 5.15 Lassie. 6.00 Lookaround Thursday. 7.00 Emmerdale Farm. 7.30 Mr. and Mrs. 10.30 Look Who's Talking: Bobby Bennett. 11.00 Police Woman. 12.00 Drive-in. †12.30 a.m. Border News Summary.

CHANNEL

1.18 p.m. Channel Lunchtime News and What's On Where. 6.00 Channel News. 6.10 Elephant Boy. 7.00 The Six Million Dollar Man. 10.28 Channel Late News. 10.32 The Story of Wine: The Great Dessert Drinks. 11.00 Mystery Movie: McCloud. 12.40 a.m. News and Weather in French.

GRAMPIAN

9.25 a.m. First Thing. 1.20 p.m. Grampian News Headlines. 6.00 Grampian Today. 10.30 Reflections. 10.35 Sportscall. [illegible]

GRANADA

[illegible]

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only. 3.50 Beryl's Lot. 4.20 Return to the Planet of the Apes. 4.45 Breaktime. 5.15 Corny Concerto. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Best in the West. 7.05 Six Million Dollar Man. 10.35 Cinema Club Shorts. 11.10 Terror: "The Psychopath."

HTV Cymru/Wales—As HTV general service except: 1.20-1.25 p.m. Penawdau Newyddion Y Dydd. 4.20 Miri Mawr. 4.35-4.45 Wstibetina. 6.00-6.15 Y Dydd. 6.35-7.05 Sports Arena.

HTV West—As HTV general service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.35 Sports West.

SCOTTISH

1.25 p.m. News and Road Report. 2.00 Women Only. 4.20 Pinet and Friends. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Garnock Way. 7.00 Emmerdale Farm. 7.30 Charlie's Angels. 10.30 Birthday Honours — Isla St. Clair, Penny O'Keefe Quartet. 11.00 Late Call. †11.05 Thursday Cinema: Monolith Monsters."

SOUTHERN

1.20 p.m. Southern News. 2.00 Women Only. 4.20 Betty Boop. 5.20 Crossroads. 6.00 Day by Day. 6.30 University Challenge. 7.00 Emmerdale Farm. 7.30 Hawaii Five-O. 10.30 Elaine, The Singer of the Song. 11.00 Southern News Extra. 11.10 Boney and the Kelly Gang. 12.05 a.m. What The Papers Say.

TYNE TEES

9.20 a.m. The Good Word, followed by North East News Headlines. 1.20 North East News and Lookaround. 2.00 Women Only. 5.15 The Brady Bunch. 6.00 Northern Life. 7.00 Emmerdale Farm. 7.30 The Bionic Woman. 10.30 What Fettle! 11.15 Battleground. 11.45 Rich Man, Poor Man. 12.40 a.m. Epilogue.

ULSTER

1.20 p.m. Lunchtime. 4.18 Ulster News Headlines. 4.20 Big Blue Marble. 4.45 Little House on the Prairie. 6.00 Ulster Television News. 6.05 Crossroads. 6.39 Reports. 7.00 Emmerdale Farm. 7.30 The Bionic Woman. 10.30 Counterpoint. 11.00 Hogan's Heroes. 11.30 Wedding Day, followed by Bedtime.

WESTWARD

12.27 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 6.00 Westward Diary. 7.00 The Six Million Dollar Man. [illegible]

YORKSHIRE

[illegible]

RADIO 1 247m

[illegible]

RADIO 2 1,500m and VHF

[illegible]

RADIO 3 464m, Stereo & VHF

[illegible]

RADIO 4 434m, 330m, 285m and VHF

[illegible]

BBC Radio London 206m and 94.9 VHF

[illegible]

London Broadcasting 261m and 97.3 VHF

[illegible]

Capital Radio 194m and 95.8 VHF

[illegible]

F.T. CROSSWORD PUZZLE No. 3,613

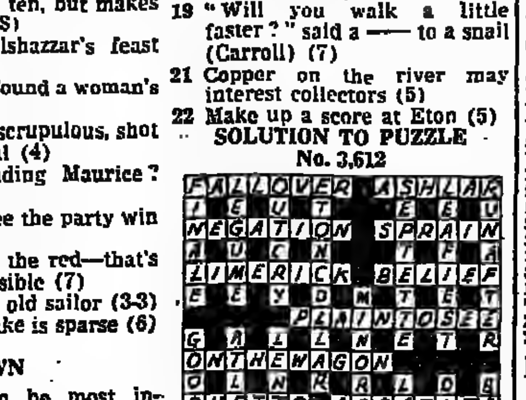
ACROSS

1 German town has to be amid good fortune (6)
4 Shylock is certain to be found in the City (6)
8 War has spirit inside the borders (7)
9 A show of courage gets applause about this period (7)
11 An urchin has a way with a horse (6, 4)
12 A large party in defeat (4)
13 Notice the party is without restriction (2, 3)
14 Not in the top ten, but makes up the team (5)
16 Graffiti at Belshazzar's feast (4, 4)
18 In the hill we found a woman's headdress (5)
20 Drawn by the scrupulous, stop by the boastful (4)
21 Knights—including Maurice? (10)
23 Half-a-dozen see the party win (7)
24 A thousand in the red—that's the lowest possible (7)
25 The seal of an old sailor (3-3)
26 Silver in the lake is sparse (6)

DOWN

1 Odd tales can be most insignificant (5)
2 Important transaction denigrates itself (3, 4)
3 Artist with a string of horses (9)
5 Cancel the bush (5)
6 We see the vicar on the lake in meditation (7)
7 Coloured cleaner in the Merchant Navy (3, 6)
10 Looked after the inexperienced—characteristic of jealousy (5-4)
15 Pleasant ways revealed by men in first class matches (9)
16 What may follow an undecided match is hard on the convicted prisoner (5, 4)
17 Greek heroine has to return to the artist (7)
19 "Will you walk a little faster?" said a —— to a snail (Carroll) (7)
21 Copper on the river may interest collectors (5)
22 Make up a score at Eton (5)

SOLUTION TO PUZZLE No. 3,612



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FINANCIAL TIMES SURVEY

Thursday March 9 1978

ITALIAN ENGINEERING

Politics and cash-flow are the two paramount problems in an industry which is noted for its competitiveness world-wide. Added to this, order books are dwindling and the inundation of short term problems is obscuring the outlook for the longer term.

Problems with the near future

By Kenneth Gooding

Industrial Correspondent

TWO COMMENTS in particular remain in my mind after talks with several Italian engineering company executives last week. "Italy may have a political crisis. But Italian industry is not in a state of crisis." And "The engineering industry's two major preoccupations remain the political uncertainty and cash-flow."

Between them they seem to sum up the current mood of the industry. Managers feel they can cope adequately with the latest in a long series of political upheavals. But they are glad that it is now resolving itself. In the meantime, the failure of the government to take the necessary action to bring down the rate of inflation—still running at an annual 15 per cent. but down from an average of 18 per cent. in 1977—is a major difficulty for them. This kind of inflation rate hits engineering concerns hard because of the cash they have to tie up in stocks and work-in-progress.

The Italian method of stopping the economy running out of control is not by proper budgeting, but by the Central Bank turning off the money supply tap. This means that credit is tight and interest rates are high. The current prime rate is 16 per cent., which is an effective 20 per cent. for many corporate borrowers. This depresses engineering company profitability as much as inflation.

An estimated 60 per cent. of privately owned engineering company debt is short term at the bank. In theory overdrafts are established for one year, in fact they are simply rolled over year after year.

The majority of the private engineering companies are family-owned and want to stay that way. So they are reluctant to go to the banks for long-term money. The Stock Exchange does not work very well, some say because the government prefers it not to: it feels more secure when private-sector companies have to turn to the State-owned banks for much of their cash.

But, just as managers face with equanimity the prospect of a government supported for the first time by the Communist Party—they have, after all, been dealing with Communist-led trade unions for many years and really do believe the Italian Communist is different to the Soviet variety—so have they devised methods to alleviate the credit crisis.

Credit

Trade associations, such as UCIMU, the machine tool manufacturers association, and groups of companies in various geographic regions have set up their own credit institutions. While these can have only a marginal effect on interest rates because they draw their funds from the normal banking system, they are important as a source of certain credit. Companies can, in most cases, have what cash they require when they want it rather than have to wait in a queue while a whole bureaucratic rigamarole takes place.

Even so, the cash-flow problems of some of the major organisations and companies have a nasty spin-off effect on many engineering suppliers. For example, some hospitals are only now paying for engineering equipment delivered in 1974.

One big company last week just got round to paying its December wages bill.

The outstanding debts of four large groups (not State-owned) became so large at the end of last year that ANIMA, the mechanical engineering association, joined with Confindustria, the Italian equivalent of the Confederation of British Industry, to appeal to the Government and asked it to take some official action to prod the companies into paying.

But by then some suppliers of engineering equipment already had to resort to lay-offs and factory closures because they, too, ran out of money.

There are other worrying symptoms for the engineering groups to consider. Order books in key sectors such as machine tools and textile machinery and other important mechanical engineering businesses are down to between four and six months' work at current rates of output. And output, up by only 0.8 per cent. last year, is falling again. However, the OECD has forecast that, after a weak first half to 1978, it will eventually notch up a 1.5 per cent rise.

This must be put in the context of the 1975 performance when, for the first time since the Second World War, Italy's GDP went down in real terms. Industrial production that year fell to levels only slightly higher than those of 1972 and capital investment fell by 20 per cent. The climb out of that trough has been a slow and laborious one for Italian engineering.

Confindustria says that the recovery could be speeded up if the Government introduced policies designed to create expansion of 4 to 5 per cent a year minimum, even though this might produce a \$1bn. balance-of-payments deficit to be financed abroad (compared with a \$1bn. surplus in 1977).

The current combination of low profitability, an inadequate cash flow and high credit cost are cutting back companies' capital investment plans in a way that is quite serious for the engineering sector. The OECD estimates that capital investment will fall 3.75 per cent. this year but the government maintains it will be more like 1.1 per cent. against a 3 per cent. rise in 1977.

Italy has its own version of the accelerated investment scheme, designed to encourage companies either to bring forward projects or to make marginal schemes more attractive. But the incentive will not do the job, according to the engineering managers. Basically, companies get a 4 per cent. reduction on the cost of capital goods purchased during the year beginning last October 1. This is achieved by cutting that amount off the VAT bill.

The engineering sector had asked for a cut of 8 to 10 per cent. for a six-month period so as to give one big push off the bottom of the trough in demand.

The expectation now is that demand will pick up in April or May as customers pull forward some capital projects from the autumn this year or the spring of next. Most engineering sectors, although disappointed with the scheme, expect a perceptible impact in the second half of 1978.

Italy already has a long-running scheme (from 1964) for financing purchases of capital goods which works very well, probably because it was devised by the producers. Operated through a banking organisation, IMI, capital equipment purchasers are offered low-interest, long-term money against the purchase of a particular item of machinery or plant. The current rate of interest under this scheme is around 6 per cent.

The scheme is used considerably by Italy's machine tool producers and as a result the engineering industry is using fairly up-to-date equipment. The average age of machine tools in use in Italy, according to a UCIMU survey, is 12.8 years, lower than the U.S., 14.5 years, Britain, 13.4 years, France 14 years and roughly the same as West German equipment.

Engineering's raw material costs have remained stable over the past year. But so far in 1978 there has already been a 10 per cent. rise in special steel prices and the engineering companies insist that current Common Market moves on the steel front will add at least 30 to 35 per cent. in the full 12 months.

Wages

Much more important, labour costs continue to rise. Because of indexation minimum wages rose 27.4 per cent. last year and have been keeping pace in real terms with inflation. Total labour costs went up 16 per cent. in the engineering sector in 1977. The rise would have been one of 22 per cent. except that the Government bowed to pressure and removed part of the social security burden from companies, a move which gave manufacturing industry a once-and-for-all windfall worth about L1.4bn. (roughly £940m.).

The Government is making up the potential shortfall by collecting additional VAT—one reason why central government revenue from taxation rose by 45 per cent. in 1977.

The Government does make a small contribution towards the direct cost of labour through its "employment stabilisation" fund—the Italian version of Britain's Temporary Employment Subsidy—when lay-offs are threatened.

Companies in the engineering sector also stretched holidays last year from the usual three weeks to a month or even six weeks during the summer so as to spread the available work over a longer period.

Italian employment protection legislation makes it extremely difficult for any company with more than 200 employees to make redundancies.

This has had two main

CONTINUED ON NEXT PAGE

MAJOR MECHANICAL ENGINEERING PRODUCERS

(Lire bn.)

Sector	Total value of production	State share of production
Marine constructions	700	630
Aerospace constructions	600	390
Combustion engines	500	150
Automobiles	4,100	820
Machine tools	500	75
Valves	450	54
Cycles and motor-cycles	530	35
Building machinery	500	30
Domestic appliances	1,500	90
Textile machines	400	20
Carpentry	800	40
Industrial plants	720	18
Agricultural machinery	600	6
Industrial vehicles	1,550	11
	13,450	2,369

Source: National Institute of Statistics.

MECHANICAL ENGINEERING IMPORTS AND EXPORTS

(Lire bn.)

	Imports 1975	Imports 1976	Imports 1977*	Exports 1975	Exports 1976	Exports 1977*
Mechanical industry	5,035.9	7,050.1	6,656.7	8,889.7	11,916.4	12,182.8
Machine tools	2,232.1	2,886.6	2,691.8	4,286.5	5,527.0	5,676.7
Textile machines	126.8	173.7	134.5	276.8	322.5	266.6
Telecommunication machines	314.9	393.0	359.2	334.6	441.1	410.7
Others	341.0	469.6	459.9	520.2	729.6	748.7
Micro-mechanics	771.6	1,052.8	983.5	593.8	821.2	767.3

* 1977 figures refer to January/October period.

Source: National Institute of Statistics.

Ingenuity in machine tools

THE LATEST VENTURE by the *Italian* machine tool industry reflects the ingenuity and flair which has taken it to *fifth place in the league of* world producers during the past 20 years. It has set up a company, called rather dramatically "Italian MST," which will give training to potential machine tool operators on Italian equipment, providing all the requirements from textbooks to the machines themselves.

The immediate first fruits of this venture is a contract to set up a machine tool training school in Brazil. The teachers will be brought to Italy for training and will then pass on the benefits to Brazilian pupils.

It is not just an esoteric venture. For it is a well-known fact that when a worker is trained on a particular type of machine tool, he or she prefers to use the same or similar machines on the engineering shop floor.

Brazil, although temporarily an almost-closed market because *of import restrictions, presents* a potentially highly important customer for the Italian machine tool industry. And, at the very least, the school will give the industry a chance to send more machine tools into the market.

MST sprang from a realisation among the Italian machine tool makers about three years ago that there was a need for them to co-operate more closely when attacking foreign markets. Some customers in particular were looking for complete machine-tool lines. As various potential projects of this "turnkey" type came along, UCIMU, the Unione Costruttori Italiani Macchine Utensili (equivalent to Britain's Machine Tool Trades Association), co-ordinated the efforts.

The idea that there should be a training scheme went hand in hand with these efforts and MST has as its major shareholder UCIMU with some other UCIMU members having smaller stakes.

While the new company will be promoted all over the world, it is more likely to get results *in the developing countries.*

However, the Italian machine tool industry prides itself on *the technological content of its* products. (UCIMU illustrates this point by giving average values of exports and imports expressed as Lira per kilogram. In 1976 the ratio was L4,600 per kg for exports and L3,400 per kg for imports.)

Its major markets must remain the industrialised countries of the world which have use for the more sophisticated machine tools.

Markets

*With this in mind the manu*facturers have been tackling what they describe as "non-traditional industrialised markets." The best recent example has been UCIMU's success in South Africa which it attacked seriously last year at a national machine tool exhibition there. Not only did the Italian manu*facturers sell all the $1m. of* machines they took along to show, but the Italian industry for the first time sorted itself out a good agent in South Africa.

The next step came from UCIMU Finance Corporation (FINCIMU), an organisation set up in 1972 to help solve some of the credit problems faced by the industry. FINCIMU has arranged a $7m. loan available to South African purchasers of Italian machine tools at what is described as "very interesting rates of interest." The finance has been made available through a group of non-Italian banks.

Medium-sized and smaller machine tool companies in Italy are able to keep up in the tech*nology race because they can* call on another co-operative venture, CEMU, the machine tool research institute which is part of the Italian Research Institute, an organisation which receives some Government money.

This explains why a medium-sized company like San Rocco, the Monza-based, privately *owned concern with about* 300 employees at three factories, can claim that up to 30 per cent. of its output is of numerically controlled machine tools.

There are 450 companies in the Italian machine tool industry between them employing around 37,000. So the average size of each unit is small, with 82 people against 225 in the U.S., 270 in the U.K. and 188 in France.

But Italy has a couple of machine tool "giants."

Fiat's machine tool and production *systems division* had a 1977 turnover of L.150bn. (around £90m.) compared with, for example, the £51.5m. sales of Britain's biggest concern in the industry, the 600 Group's machine tool division. Under its new "deverticalised" structure, Fiat has called its machine tool operations Comau Industriale, *an organisation based on* Fiat's own machine tool operations and the acquisition of MST, Colubra, Lamsat, IMP and Morando and the specialist activities of the Berto Lamet, IMPES and UTS companies.

Rationalisation of products and an organisational restructuring will be completed by the *middle of this year and COMAU* will emerge with three separate lines of production, each to be *carried out in a different plant:* (a) special transfer machines for mechanical operations; (b) welding systems; (c) materials handling, storing and industrial washing equipment.

Last year COMAU received some useful new orders from the Soviet Union (for a crude-oil valve production plant) as well as from Spain, Poland and the U.S., France and the U.K. These orders, with others from *abroad, accounted for about* 66 per cent. of all new orders in 1977 (the machine tool industry-wide total was roughly 50 per cent. for export). The order books ensure that COMAU will have a satisfactory level of plant utilisation throughout 1978 and for most of 1979 too.

Four years ago another major *machine* tool group was formed in Italy when the troubled Saneustacchio company was merged into Innocenti, one of the profitable parts of the State-owned IRI-Finsider group. About one-third of Innse's turnover is accounted for by machine tools and presses and it also makes iron and steel processsing *machinery.* But machine tool output must be running at around the L50bn. level (£30m.), making it a medium-to-large business in this industrys terms.

According to UCIMU, the Italian machine tool industry had a 1977 output of around L775bn. (about £470m.), a use*ful increase—6 per cent. in real* terms according to the manufacturers — on the L625bn. (£380m.) for the previous year.

With exports at L370bn. (£224m.) and imports at L160bn. (£97m.) there was a healthy positive balance of trade.

But 1977 was not seen as a good year for the industry. Of course, it provided a drop on the artificially high peak of *demand in 1974. However, the* companies also had to watch their order books gradually *melting away as the year drew* to a close.

In March 1977 the industry's order books represented about six months output. By June that was down to 5.2 months. By September there was a further fall to the equivalent of four months output (lower than at the end of 1976) and to-day there is less than four months work on the books.

The home market, dreadfully flat, is expected to pick up in April and May as the Government's accelerated investment scheme takes effect. This offers a deduction of 4 per cent. from the VAT payment of companies buying capital goods during one year from October 1, 1977.

Foreign markets are a little better *with definite signs of im*provement in West Germany, the industry's best export market. The U.K. is also doing relatively well. There is, as previously mentioned, a new market coming on stream in South Africa and, because Fiat has a contract for a car plant in Yugoslavia, the Italian machine tool makers would expect some business from that country and estimate around 40 per cent. of the machine tools for the plant will be ordered in Italy.

Kenneth Gooding

Problems

CONTINUED FROM PREVIOUS PAGE

effects. The long-term one is that small companies predominate in Italy. One survey *completed a couple of years ago* revealed that 91 per cent. of Italian engineering companies employ fewer than 200 people, while the small number of concerns with more than 1,000 employees accounted for two-thirds of total production.

Italian engineering businesses have developed a relatively simple system to prevent themselves growing above the 200 level and getting enmeshed *in the harsher employment pro*tection laws. As a company grows it simply "sponsors" *another one which is set up to* provide it with components. The new company, which has no formal connection with the first on which it depends for its livelihood, in theory is simply another small engineering company.

The short-term impact of the employment protection system *is that companies feel unable* to stretch a point to help solve Italy's growing unemployment problem. The latest count showed 1.7m. unemployed or 7.6 per cent. of the working population. As in the U.K. those most *badly affected* are the young, the school-leavers—half the Italian unemployed are under 25 years old—and women. The situation has not been helped by the return to the south of Italy of many migrant workers because of the downturn in trade in other countries.

Control

There are large companies, of course. But many are State-owned. In the engineering sector IRI figures extensively. It has control over companies making domestic washing machines, freezers, air-conditioning units and incinerators at the lighter end of engineering as well as steel plant and process plant at *the heavier end with the Alfa* Romeo car business in between.

IRI, which has been described as the mainstay of the Italian economy, also controls the Finsider steelmaking group, Alitalia, Finmeccanica and four major commercial banks: the Banca Commerciale Italina, Credito Italiano, Banco di Roma and Banco di Santo Spirito. IRI's turnover in 1976 reached L.12,000bn. (roughly £8bn.) and *its accumulated debts* total L.15,000bn. (£9bn.) equivalent to 15 per cent. of all the deposits at the Italian banks.

IRI is the major example of the thousands of industrial bureaucracies which have been built up during 30 years of Christian Democrat rule which are used as vehicles for political patronage. And political appointees do not usually make *the best top-level managers for* large corporations. There are frequent outbursts of restiveness among the professional managers within the big State holding groups and this is currently the case within both IRI and ENI, the State oil and oil products group.

There is an adverse effect on *Italy's* other engineering businesses because, in the words of one private-sector manager: "The problems within the big companies within the State groups get considerable attention outside Italy and give the rest of us a bad name."

In fact, though, Italian engineering companies suffer no real *lack of credibility as far as* their ability to perform is concerned. There can be no denying the success Italy has achieved in the manufacture of engineering products which include a large element of high technology. Italian groups are building petrochemical, fibre, fertiliser, steel plants and so on *all over the world.*

As the nuclear power efforts reveal, Italy is willing to buy in technology when necessary as well as being a major exporter of know-how. Just one example is the polypropylene *plant Snamprogetti is currently* commissioning in the People's Republic of China.

This plant incorporates Amoco expertise, so Snamprogetti is effectively helping to channel American technology into China.

Italian engineering companies have been helped considerably by the *willingness of domestic* customers (when they are investing) to take a chance on new techniques and technology. This gives producers something to show potential foreign customers when they start exporting those products.

Italy's need to use whatever useful technology is to hand if *it suits its purpose is one more* reminder that it was only during the period between 1951 and 1963 that the country was transformed from an agricultural to an industrial economy. Over this time the GNP (at 1963 prices) recorded an annual average growth of 5.6 per cent. while value-added in the industrial sector rose at an even faster annual rate—about 8.3 per cent.

Investment in those years was rising at a yearly average rate of 9.1 per cent. while *investment in plant and equip*ment moved along at a phenomenal 11.6 per cent.

The slowing-down of industrial growth was very marked in the following decade, 1963 to 1973. The GNP rose by 4.7 per cent. a year while industrial output showed a 5.5 per cent. *growth rate.* Industrial investment was down to a 2.7 per cent. annual improvement, reflecting the considerable slackening in the accumulation of capital.

Overall employment in industry rose by only 0.8 per cent. although its share of total employment increased from 40.1 per cent. in 1963 to 43.5 per cent. in 1973. During this period the value of industrial exports quadrupled, attributable above all to the positive trends in engineering products, vehicles, chemicals and petroleum derivatives.

Adjustment

All this explains why it has taken Italian engineering industry managers some time to adjust to the continuing reression and the total lack of growth they have had to put up with so far this decade.

Italian engineering certainly stands to lose a great deal if there is a return to widespread trade protectionism around the world. Managers wait anxiously for signs of a pick up in demand in West Germany and France, the best foreign customers for engineering products, and a revival in important new markets which recently have gone sour—such as Brazil and Turkey and even some Middle East countries.

And a growing number of executives, particularly among the bigger companies, are talking more and more about the *need to "Europeanise."* One manager insisted: "European industry must realise that it is being squeezed by two big powerful blocs—the Japanese and the Americans. We have the human resources to compete but we must form international consortia to do so. We can create our own "technology *bloc."* By *this* I don't mean that there should be full international mergers between companies of different countries. It is too early to think about that yet.

"But these would be European companies getting together to offer technological packages."

The problem is that the majority of engineering companies are at present too involved in the immediate struggle for survival rather than in broad concepts about the industry's future. One manager *outlined his situation this way.* "How do I tackle my problems? At the moment it is like sailing in heavy seas. All you can do is tackle one wave at a time as it hits you."

هكذا من الأصل

Tough conditions face tractors

THERE ARE two important mechanical engineering sectors where Italy provides the dominant European manufacturer—agricultural tractors and construction equipment. The plans being implemented to strengthen these businesses concern not only Italy but the rest of Europe in view of the potential threat that European manufacturers will be gradually squeezed out of existence by the powerful North American and Japanese groups.

It is, of course, Fiat which provides th eimportant presence in both these sectors.

The extent of its influence became much clearer after 1974 as the de-verticalisation of the Fiat management structure took place. At that time the tractor and construction equipment businesses which had been operating as one were split up.

At the same time Fiat completed an extremely vital deal which not only expanded its construction equipment product range but also took it into the North American market in a major way for the first time. It thus established a very firm foothold in the biggest market in the world for this type of machinery.

Range

The deal involved setting up Fiat-Allis. In this company Fiat's existing range of dozers and crawler loaders were added to the motor graders, scrappers and wheeled loaders made by Allis-Chalmers of the U.S. Originally Fiat held a 65 per cent. stake in Fiat-Allis but this was lifted to 77 per cent. in January 1977, a deal which indicated a value of $270m. had been put on the Fiat-Allis business.

There is no doubt that one day Fiat will take up more of the Fiat-Allis shares because the Italian group intends to concentrate on the construction equipment markets while Allis-Chalmers will put its efforts on its main-stream lines of process plant, electrical equipment and agricultural machinery.

In 1977 Fiat-Allis sales totalled L550bn. (around £333m.). Compare this with the leading U.K. manufacturer (excluding the American-owned groups operating in Britain) J. C. Bamford which forecasts a £100m. turnover for 1978.

Fiat-Allis last year sold 9,800 units, a 9.6 per cent. increase on 1976, and the market penetration of its three main product lines rose from 10.5 per cent. to 12 per cent.

The group has seven plants, three in Italy, two in the U.S.—including one located at its headquarters in Deerfield, Illinois—one in the U.K. (Essendine, Lincs.) and one in Brazil.

Fiat's interest in construction equipment developed in support of the country's civil engineering contractors who tend to favour Italian-made equipment of all kinds. The contractors won L12,000bn. (£7.3bn.) of work in 1976 and a little more than L13,000bn. last year.

This is an engineering area where size is important and the immediate aim is for Fiat-Allis to move into the number three spot in the world league. At the moment the league dominated by Caterpillar, with 50 per cent. of world sales, followed by Komatsu of Japan, way behind with a 10 per cent. share. Fiat-Allis claims it is running neck and neck with Case-Tenneco, International Harvester and John Deere, each with 6 per cent.

The opportunity to outpace its close competitors arises from the fact that Fiat-Allis is only just breaking into North America with its crawler-dozers and loaders. Total crawler dozer sales in the States in 1976 reached 23,000 units compared with Western European demand of 4,000. Crawler loader sales were 8,500 against 6,300 in Europe — illustrating the importance of the American market place. The figures for wheeled loaders are equally interesting — 18,000 sold in the States in 1976 and 9,000 in Western Europe.

At the same time Fiat-Allis intends to spread its product range further. Currently its equipment is represented in sectors making up only 80 per cent. of the total construction equipment market by value.

It already has been looking at forestry applications for its machines in connection with the attack on newer markets in Africa and Malaysia. By 1980 it will have a line of forestry machines based on the present crawler dozers.

Then the recent adaptation of one of its dozers for open-cast mining work leaves an obvious gap to be filled by an off highway truck to match it. The probable solution here would be for Fiat-Allis to buy an existing manufacturer and, indeed, it already has its sights set on an Italian company in the field. (When Fiat wanted to get into the hydraulic excavator business in 1972 it solved the problem by buying SIMIT of Italy).

Fiat's agricultural tractor business is wholly-owned and in turnover terms bigger than its construction equipment operations. Sales reached L630bn. (£381m.) last year which was not a particularly good one for tractor makers anywhere. Fiat sold 63,500 units and 12,900 knock-down kits.

Among the world manufacturers, Fiat ranks as number five with 10 per cent. of the market while the leader, Massey-Ferguson, has a 185,000 units capacity and an 18 per cent. share. Fiat follows John Deere, International Harvester and Ford in this world league table.

Foremost

It has eight plants, four inside and four outside Italy, and is the world's leading supplier of crawler tractors for agricultural use, manufacturing 10,000 units last year. These range from 45 hp to 130 hp and are employed in vineyards and orchards, where space is limited and a small but powerful tractor is required, and on hard soil where deep ploughing is necessary—such as is found in the Mediterranean area.

Fiat's policy is to extend its tractor business so that it can offer a full range of soil preparation and other agricultural equipment. The concept is that it should be able to supply complete "systems" of equipment to farmers. (This idea can be adapated for developing countries because Fiat Tractors and its sister group, Fiat-Allis, can supply all the equipment for clearing virgin land ,preparing the soil and then cultivating it).

It was with this in mind that Fiat bought a majority holding in Hesston, the hay and forage-harvesting machinery company based in Kansas, last September. Hesston, with sales of $144m. in 1976 is probably the leader in technology in its field.

Previous acquisitions of Gharardi and its associate SAIMM and of Laverda in Italy also spread Fiat's agricultural machinery range so that it now offers a full line of combine harvesters, forage equipment as well as tractors and is currently rationalising its soil preparation and attachment businesses.

Both the tractor and construction equipment operations benefit from having access to Fiat's research centre which services all 11 divisions within the Fiat empire (1977 sales L13,070bn. or £792bn.). At the research centre the transfer of technology between the divisions takes place and the agricultural machinery and construction equipment divisions can swap ideas with the car, commercial vehicle, components and various other divisions where the overlap in technology is not so obvious but is often present.

K.G.

The sectors' performance

ITALY'S MECHANICAL engineering sector accounts for roughly one-third of the country's entire manufacturing production. It employs around 1.4m. or nearly one-third of the people in manufacturing at large. So the health of mechanical engineering is important to Italy. At the moment the position can be described as mainly bad but with some bright patches.

Take textile machinery manufacturers as an example. Output last year was probably only slightly ahead of the L480bn. (£290m.) recorded in 1976. In the words of ACIMIT, the textile machinery manufacturers' association, "this was the first year when markets both at home and abroad went bad. It was almost a disaster."

However, "We are now getting used to the changed circumstances. We understand the good times are over and we have to chase customers all over the world and double our sales efforts. For the time being companies are happy to break even rather than make profits."

Average order books, which reached 1½ years in the peak period in 1973, are now six months at the most.

ACIMIT is a typical Italian mechanical engineering trade association. It has 220 member companies and their output represents around 90 per cent. of total sales value. Between them the companies employ 30,000, and 1,800 are in the biggest group, SAVIO.

SAVIO was a profitable component within the textile machinery business of EGAM, the loss-making State holding company which is currently being broken up and dismantled. The plan is to inject the textile machinery companies into another State concern, ENI, the energy-based group but which has some slight connection with the business because it can supply textile plant—which includes ordering the equipment to go in them.

The other former EGAM companies were not profitable and the idea is that ENI should have a look at their future to see what products, what technology and what research and development is required as well as which markets they should attack (the industry exports roughly 70 per cent. of its output).

At ANIMA, the mechanical engineering trade association which takes in more than 1,000 member companies in 52 different areas of the industry, current-situation reports are just being brought together.

These indicate that in 1977 demand for internal combustion engines remained at the 1976 level — the home market was weaker but exports improved. In turbine engines the trend was slightly better last year but the industry is waiting for the State-owned electricity company's orders now that an investment programme has been agreed. Steam turbines experienced a good demand from the Middle East but the home market was very flat indeed.

Manufacturers of handling equipment and of forklift trucks say that 1977 was worse than the previous year and there was only a slight increase in exports. (One indication of the general trend was that Fiat's forklift truck sales totalled 6,688 units last year, a 9.3 per cent. drop in 1976.)

For construction equipment the home market was poor but exports were going well last year. Makers of oilfield equipment state 1977 was "not so bad" and they expect a good demand for drilling equipment and pipes in particular this year.

There was a decrease in orders in 1977 for pumps and compressors and the manufacturers are gloomy about the current 12 months. The volume of output is not expected to show any improvement on 1977. Air conditioning plant output showed a fall of between 5 and 20 per cent. (depending on individual items) last year on the 1976 level. The only bright spot is for anti-pollution equipment.

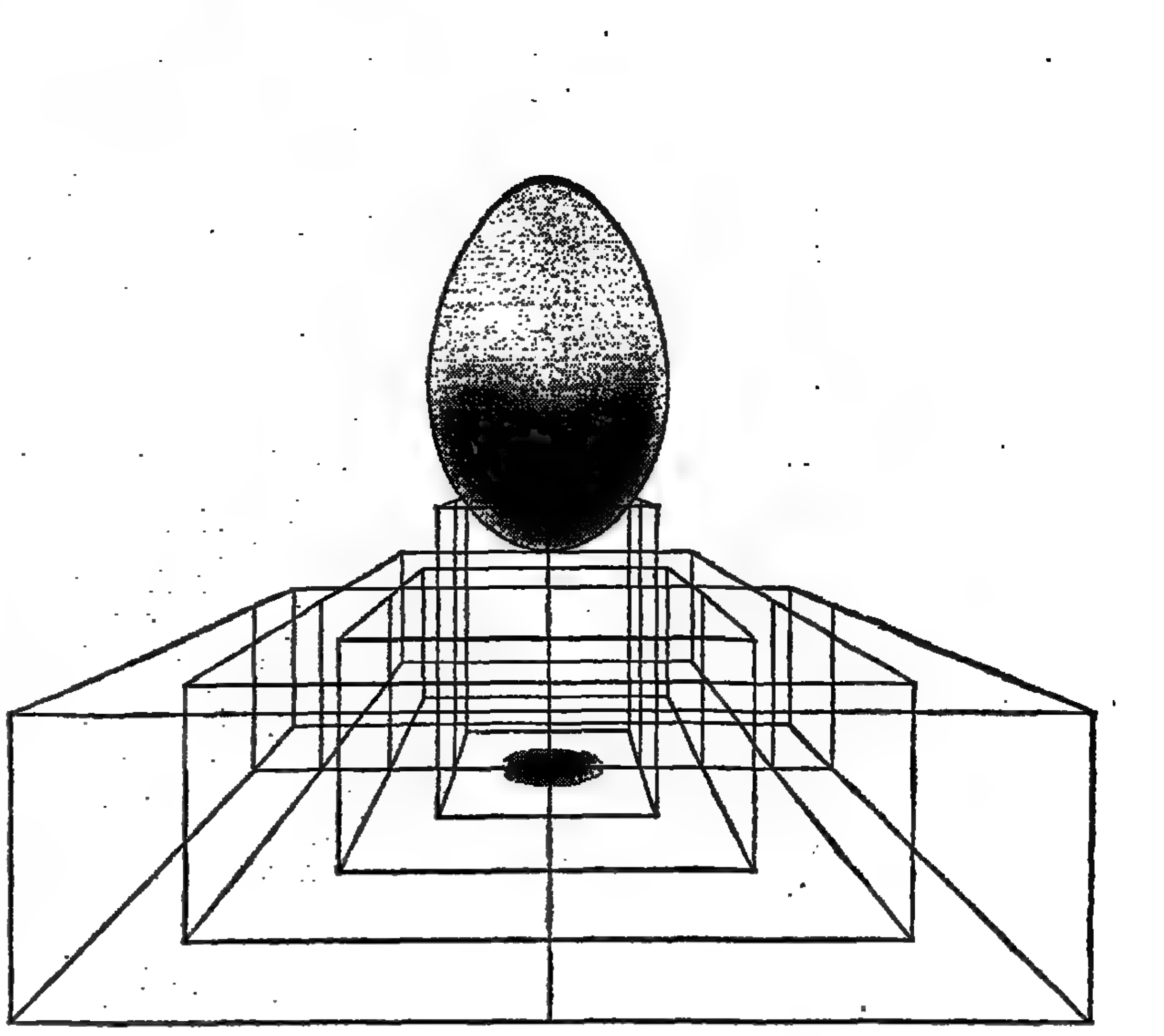
The trend in demand for industrial refrigeration plant for 1977 was satisfactory but at the year end there was a sharp fall in orders from the home market. While demand from abroad is holding up, competition is becoming even fiercer.

For valves and fittings 1977 was worse than a poor 1976.

Sales of plant for the chemical industry were generally satisfactory in 1977, mainly due to foreign demand. Profitability suffered though.

As for the Italian scene in 1978, the Fiat prediction is that, although the indicators seem to suggest that industrial activity might be on the way to a slow but gradual recovery, "a straightforward return to a period of stable and dynamic growth is highly unlikely—at least as long as production remains hampered by the current rigid and static structures, institutions and social relations."

K.G.



Slow recovery in motors

THE ITALIAN motor industry, like Great Britain's has still not recovered entirely from the post-oil crisis recession. While Germany and France experienced record production in 1977, the Italian industry remained some way below the peak of 1,958,000 vehicles manufactured in 1973. Preliminary indications are that output including cars and commercial vehicles, remained at about the 1976 level of 1,591,000, while registrations moved up by only about 30,000 to 1.3m. cars.

This slow recovery is a result of the weakness of the general Italian economy rather than the motor sector itself. *Both Germany and France have* lifted out of the problems of 1974-75 on the strength of buoyant demand for motor vehicles. Neither Italy nor Britain have experienced a similar improvement. In Italy, there *is the additional problem that* Fiat is so heavily dependent on its home market—it accounts for more than 50 per cent. of Italian registrations—that any sickness in the Italian economy has a disproportionate effect on *its performance.*

Fiat is now clearly engaged on a policy of spreading its interests into other markets. The company has reorganised in recent years so that its car manufacturing activities are balanced more adequately by truck production, general engineering and its interests in civil engineering. At the same time, it has been spreading its vehicle manufacturing base outside Italy. On the commercial vehicle side, it has created IVECO, which has three manufacturing bases in Italy, Germany and France. And on the car side it has embarked on a series of deals whereby Eastern European countries have bought its technology.

These moves will have the effect of making Fiat less dependent on its performance in Italy. Indeed, the company may have to accept that its market share will decline below the 50 per cent. mark as other manufacturers within the Common Market make attempts to increase their own sales in Italy. The compensation for this loss, Fiat hopes, will come *in improving its grip on overseas markets*, particularly those within the rest of the EEC, where it is aiming for an average 6 per cent. market share.

These plans imply, however, that there will not be a rapid expansion in vehicle production in Italy over the next few years. *Fiat believes, along with most* other European motor manufacturers, that the opportunities to sell built-up cars outside the European area will decline in the years ahead, as manufacturing is established in the developing world. Therefore European companies must concentrate on the local market, investing only to soak up the natural growth which can be expected over the next few years — most manufacturers *believe* that European car sales will grow from about 10m. last year to 11.5m. or 12m. in about 1985.

Strength

Fiat's strength in Italy, however, has been partly won at the expense of the weakness of the rest of the industry. During the big-growth years of the 1960s, Fiat itself took over Lancia, the quality car manufacturer which had fallen on hard times, and in the oil crisis Alfa Romeo had to be rescued from serious financial problems by IRI, the Italian State holding company. Thus Italy to-day maintains only two substantial car manufacturers, plus Innocenti, *the former British* Leyland subsidiary which still assembles Minis, and a number of small design houses which also make a limited amount of cars. One of these, Ferrari, has also been taken over by Fiat to form the core of its motor racing effort.

Alfa Romeo has been in great difficulties ever since its takeover by the IRI. The company had the misfortune to be caught by the 1974 slump in the middle of a major expansionary move. This involved the creation of its Alfasud division in the south of Italy, and the launch of the Alfasud and Alfetta models, at a time when the market was going rapidly into reverse. But even when the market recovered, Alfa has continued to struggle, mainly because of a series of labour disputes at the new Alfasud plant. The Alfa*sud plant, established at a cost* of about £400m., has never produced at anything like its capacity of about 250,000 units a year. Normal output has been running at about one third of that amount, with long periods of no production at all.

These production inadequacies have led to a staggering build-up *of losses, amounting to Lr.550bn.* (£370m.) over the last five years. About 80 per cent. of this is reckoned to have derived from the Alfasud plant, which is now receiving fresh interest from the Government in an attempt to stem the losses. In October *last* year a Boardroom reshuffle was announced by IRI, with the appointment of a new general manager, Sig. Alfredo Lingiardi. He will be in charge of all the day-to-day decision making, and *IRI has emphasised that the in*tention is to give Alfasud rather more independence from the rest of the group. But at the same time, IRI has warned that failure to raise the plant's productivity and improve its competitiveness *could raise ques*tions about further support for the operation.

Alfa's main success since the reorganisation has been in the export field. The company has had to build a business in over*seas markets with its new pro*ducts from a position of very little experience at the beginning of this decade. To-day, virtually two-thirds of its products go overseas, with the Alfasud model proving a remarkable success in many countries despite the problems on the production lines.

IRI also has an interest in the Innocenti plant, now run by Sig. Alessandro de Tomaso, and once again building up production of the so-called Innocenti Mini (a hatchback derivative of the original car) to a possible 40,000 units this year. The Innocenti product continues to *sell well in Italy, and has* been introduced in limited amounts to some other European markets like Switzerland.

Sig. de Tomaso's other interests in motor vehicles lie in the design house of the same name *which produces a range* of sports cars and expensive saloons, and the Maserati company which he rescued in 1975. Both companies have survived the oil crisis and are producing new models. Similarly, the *larger design houses, such as* Ital Design and Bertone remain in a strong position in the European industry, being used by virtually every significant manufacturer from time to time.

One additional area of motor industry engineering now being *developed in Italy is that of pro*duction technology. During its recent corporate reorganisation, Fiat has hived off its tooling activities into a separate machine tool company called COMAU. The idea is to establish an enterprise which can go out and seek business on its own, but the scheme has been part of a wider plan to improve the technology of car production.

Within the next few weeks one of the first fruits of COMAU's work comes into operation with the launch of Fiat's new 138 model. This car is being produced in *entirely re*tooled factories which will use a novel system of production. This system, called Robogate, has done away with the traditional assembly line at certain points in the production process, *replacing it with trollies which* run automatically over magnetic tracks.

Welders

The Robogate system will be *used in the first place on the* welding lines only, but certain parts of the concept are also applicable to other parts of the production process as well. The idea is to transport parts of a vehicle around the factory on *trollies, which eventually run* down a line of automatic welders to emerge at the other end with a completely welde[d] body shell.

The unique features of th[e] concept are first of all the us[e] of trollies, and secondly the us[e] of welders which can sense th[e] dimension of the vehicle the[y] are welding. The trolly syster[m] allows greater flexibility tha[n] the traditional conveyors b[e]cause they can be programme[d] to pick up the pieces of mor[e] than one model, whereas co[n]veyors cannot. At the sam[e] time, the automatic welde[rs] have been adapted so that the[y] have the flexibility to deal wi[th] more than one model.

If the Robogate idea wor[ks] under the pressure of co[n]tinuous production, it cou[ld] have far reaching influence [on] car production methods. Fi[at] *believes that it will both c*[ut] investment in new mode[ls] because there will not be su[ch] a large requirement for re-too[l]ing, and that it will make [it] easier to balance producti[on] between different models at a[ny] *one time.*

These ideas, of course, st[ill] have to be seen to work. B[ut] if they do, they will clear[ly] give the Italian motor indust[ry] a significant boost over the ne[xt] few years.

Terry Dodswor[th]
Motor Industry Corresponde[nt]

Nuclear programme

ABOUT 50 MILES from Milan, on the banks of the Po just above a hydro-electric plant, stands a white windowless tower, 51 metres high. From this tower will come the steam for Italy's first big nuclear station, expected to generate its first electricity this spring. If the aims of the Italian Government and its National Energy Plan are fulfilled, Caorso will be the lead station of a large programme of commercial-size nuclear stations planned to provide most of the nation's electricity in the 1990s.

Caorso is about three years behind the schedule set out early in 1970, when it was *ordered by Ente Nazionale per* L'Energia Elettrica (ENEL), the State-owned electricity utility. Strikes, and a major design modification early in the project following an accident at a West German station, account for much of the delay. As the only nuclear plant under construction throughout the 1970s, Caorso has borne the brunt of a troublesome labour situation for sitework in Italy, as well as an upsurge of public concern over nuclear safety and hence tougher demands from the licensing authority.

The 980-MW station went critical on the last day of December, since when the contractors *have been* testing the steam circuit. It is expected to be synchronised with the ENEL grid within another month or so. Net electrical output is designed to be 840-MW from a single turbo-generator — the biggest ever constructed in Italy.

Caorso is a turnkey project—a joint venture between Analdo Meccanico Nucleare, part of the State-owned IRI-Finmeccanica group, and U.S. General Electric. It was the first GE contract to specify its mark II boiling water reactor. The two companies divided the contract 80:20 between Italy and the U.S., with Ansaldo undertaking the reactor internals as well as handling the civil engineering aspects of the station. Gibbs and Hill were architect-engineers for the project.

The station has inevitably attracted a great deal of attention *from* Italy's nuclear safety authority, CNEN, the National Committee for Nuclear Energy. Although it is built in the geologically stable part of the country—witness the number of cathedrals to be found intact in northern Italy—CNEN was taking no chances. There is a catalogue in existence of Italian earthquakes since the year 1000 but, as one engineer commented, the problem is the difficulty of extrapolating from historical records of seismic activity which described events in romantic rather than scientific language. CNEN specified an earthquake-resistant design—something the government does not require of, say, hospitals in the region. To-day, Italy has a national network of 160 stations to measure seismic activity.

Changes

The white tower, the reactor containment, 24 metres in diameter, therefore sits on a thick reinforced concrete "mat" containing an exceptionally high density of steel bar reinforcement specially imported from the U.S. The containment itself is also of reinforced concrete, designed for a pressure of 3.54 kilograms per square centimetre. It has been designed to *resist a blow from what the* Italian nuclear industry calls a "CNEN missile"—a car or a tree sucked up by a tornado and hurled against the tower. In fact, the conditions that might produce a "CNEN missile" are *almost unknown in Northern* Italy.

Party as a result of the various design changes imposed by CNEN and by the manufacturers as experience of the Mark II BWR accumulated, the final cost of the station is expected to be more than double that quoted in 1970. Each additional 0.1 G of earthquake resistance, from 0.1 G upwards, adds at least $100,000 to the cost, Ansaldo estimates. On the credit side, however, will be an extra 50-MW of power arising from improvements made to the fuel over the period of construction. The fuel is rated at *27,500* megawatt-days per tonne.

In summer, one-third of the water flowing in the Po will be needed to cool Caorso. For this reason any further nuclear station built at Caorso would be equipped with cooling towers. But ENEL's policy is not to push its luck too hard in respect of public tolerance at any one site. The project has meant an influx of up to 1,500 workers into a rural region. So although there would be advantages in building a second reactor and sharing facilities, no plans have been laid for the present.

A new law enacted in 1975 directed the authorities to start term- nuclear- siting -plan- for Italy, including a "bank" of suitable sites. Italy is a difficult country in which to accommodate the latest thinking on the process of drafting a long-nuclear plant licensing, and CNEN has shown no readiness to relax standards to make it easier for the electricity supply industry. Over much of the country there is a serious risk of seismic activity—seaquakes as well as earthquakes and volcanic eruptions. Water for cooling is scarce in summer, except at the coast where potential sites are in conflict with a strong growth of indigenous population as well as of *tourism.*

The basic requirements for nuclear evacuation in Italy are the exclusion of all dwellings from an area about 1km. in radius from the station; a low population out to a radius of about 3 km.; and a "moderate" population out to a radius of 5-7 km. Sites are located no closer than 25-30 km. to urban centres.

Law No. 393, passed in August, 1975, laid down a strict procedure for the selection and approval of nuclear sites. It also specified deadlines for local and central authorities in the granting of permits for projects to proceed. It gave local administrators certain responsibilities in site selection, and stipulated that more research should be pursued into site evaluation and plant design. And, to give *immediate assistance to EN*[EL] long thwarted in its efforts [to] start more nuclear projects, [it] gave approval to two sites [in] Central Italy—one being Mo[n]talto di Castro, Italy's ne[xt] nuclear power station—and four more potential sites.

ENEL's criteria for locati[ng] central power stations, acco[rd]ing to the journal *Nucle[ar] Engineering Internation[al]* (October, 1977), are to [site] them within a few hundr[ed] kilometres of the area whe[re] consumption is heaviest, with[in] a short distance of the m[ain] inter-connecting line, and n[o] other plants capable [of] shouldering the load should th[ey] break down.

CNEN, in compiling a "s[ite] bank" for ENEL to draw up[on] first considered two basic typ[es] of problem. One is the influen[ce] of the site itself on the pow[er] station — natural phenome[na] such as earthquakes or floo[ds] and human activities such [as] aircraft crashes or explosi[ons] nearby. The second is [the] influence of the station on [the] site—hazards to the local po[pu]lation and the environme[ntal] impact upon local prosper[ity] and social life.

The second phase of CNE[N's] selection procedure brings [in] the technical factors of the [site] —those concerned with *geology, geography,* hydrol[ogy,] demography and ecology of [the] neighbourhood, for exam[ple]. The search has concentra[ted] especially on Italy's 7,500 [km] of coastline, for only here [does] the nation offer abundant [sup]*plies of cooling water throu[gh]*out the year.

But in the opinion of [Pro]fessor Arnaldo Angelini, p[resi]dent of ENEL, the search [has] come to late to save Ital[y] from the inevitability o[f] *rationing of electricity sup[ply]* in about four years' time. [The] regions likely to be hit [most] severely, he forecasts, are [the] central and southern reg[ions] and off-shore islands—th[e] poorest in indigenous resou[rces] for generating electricity.

David Fishl[ock]
Science Ed[itor]

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Young Vic

Twelfth Night

by B. A. YOUNG

Uncharacteristically in this theatre, a deal of pains has been taken to deck this production with a lot of pretty scenic detail. Curiously though, Poppy Mitchell, the designer, has emphasised the "downstairs" element in the rival houses of Illyria; while Orsino and Olivia have little luxury about them and are happy to sit on plain wooden benches, the wine-barrels of the pantry and the washing from the laundry stand under the balcony for background. The lighting (Mike Alvey) is kept comparatively low, and the general look is charming.

One thing it never suggests is that Illyria has been transferred to Scotland, and in a wholesale manner. Most of the characters have Scottish accents, even if they just happen to have been washed ashore from a shipwreck, and both Sir Toby and the Orsino set dress in kilts. We even begin with bagpipe music, though it is not of this that Orsino makes his remarks about the food of love, but of some more temperate music from a recorder that succeeds it.

Nancy Meckler, a director whom it is good to see at the Young Vic, seems to have gone out for beauty before fun. The humour in the play is less emphasised than in any production I remember, and when it comes it is often not so much derived from the lines as from some external business—Sir Toby stepping with gingerly drunkenness over a dish of fruit, Malvolio executing a fouetté when he reads the word "Revolve" in the fatal letter. Sir Toby (Bernard Hill) is given none of his usual excesses; he is just a quarrelsome middle-aged gentleman given to drink, straight from the bottle if necessary. Aguecheek (Martin Connor) is given more play; he wears exquisite silken clothes out of another century from Toby's, and long flaxen hair frames his baby face, which is matched with a baby voice apt to squeak high into the treble clef.

Amanda Boxer and Marty Cruickshank. Leonard Burt

Both Olivia and Orsino (Amanda Boxer and Stafford Gordon) are played more adult than usual, Orsino a fierce bearded Caledonian. Malvolio (Neil Johnston) is allowed little more humour than exists in the lines, and so emerges as pathetic rather than comic—a perfectly justifiable interpretation. Marty Cruickshank is a tough Viola who turns into a very boyish Cesario whose contralto voice is certainly no "small pipe like the maiden's organ." She and Malcolm Reynolds as her twin are a well-matched pair.

I thought the evening pleasing, though in my resolute Cockney way I considered that the imposed Scots played havoc with some of the verse. Feste (Maynard Williams) plays his lute like a guitar and sings his songs with a tiny touch of swing. He is very funny alternating between himself and Sir Topaz in the awful scene of Malvolio in the dark room, and he raised a big laugh with his mad delivery of Malvolio's letter. If I may end with some small points, "Tilly-vally, lady" is a song, not an oath; "bade" rhymes with "sad," not "made"; and there are three syllables in "clerestory."

Albert Hall

Pete Seeger

by ANTONY THORNCROFT

Pete Seeger's first British concert for over a decade was as much a political as a musical occasion. The Chile Solidarity Campaign was the beneficiary from the packed house at the Albert Hall on Tuesday and the socialist heart of the audience beat strongly, both in its enthusiasm for idealistic choruses and its readiness to offer clenched fist salutes when the songs became particularly stirring.

This is as it should be for Pete Seeger's simple left wing politics have survived unscathed McCarthyite persecution in the 1950s, as well as the more damaging disclosures of socialist inhumanity, which would have disturbed a man of this world. But there is always another just cause to fight for and Chile fits the bill. He was joined on stage for much of the time by Quilapayun, a seven-strong Chilean folk group who were in Europe at the time of the 1973 coup, and who now can give an emotional intensity to the songs of their abandoned homeland.

Just as unbelievers are moved by the fervent emotionalism of a religious revivalist meeting so can a political sceptic respond to the very similar atmosphere of a Pete Seeger concert. Now nearing 60 his voice is understandably weak, but his faith and commitment are as strong as ever as he rasps out "Where Have All the Flowers Gone?", "If I Had A Hammer" and the rest. And, of course, he really has only to get the sing-song started—the audience quickly picks up the words. Seldom has the Albert Hall seemed so church-like.

As he sits huddled up on the side of the stage, a rather emaciated figure, watching the black robed Quilapayun rouse up the large Chilean contingent in attendance it is easy to see he will be an idealist to the end. There are always new martyrs to the cause—Steve Biko has now joined Victor Jara, killed by the Chilean junta, in the left wing almanac of heroes and source of songs. So if some of the older material chases lost causes, and some of the more folksy variations, like "There Was A Young Woman Who Swallowed A Lie," now seem embarrassing, there is always a fresh injustice to scourge with music.

It is all very uplifting and light years away from the glutinous insincerities of most of the American super-stars who have exploited the same stage. But whether their fantasies of the rich good life are more dangerous propaganda than the fantasies of the poor good life evoked by Seeger is debatable. There were undeniably pleasurable frissons around as Pete Seeger tilted at devils with his banjo, backed by a massed choir of the right hearted, but there are dangers in offering up the emotions so unquestioningly to a blinkered cause. Pete Seeger is fortunate that he can enjoy his attractive individualism and tender conscience in idyllic up-country New York: he would fit uncomfortably in the bureaucratic socialist machine that seems to sweep up behind good comradely intentions.

Bob Hoskins as the sheet music salesman

Television

Pennies from Heaven

by CHRIS DUNKLEY

Had anyone but Dennis Potter thought of incorporating the popular songs of the 30s into a six-part television play called *Pennies from Heaven* the outcome would no doubt have been an indulgent trip down memory lane, with wistfulness the strongest emotion around. Part 1 on BBC-1 on Tuesday proved that even with Potter there is a lot of fondness involved though the nostalgia emanates mainly from the Force and Bisto packets, the Morris-8 and the North Circular House for which producer Ken Trodd and designer Kim Harvey presumably take some credit.

But with Potter conducting the tour, we are quickly made to realise that although our memories may populate that lane with men in tails and ladies in silver lame, the real people of the 30s were just as ordinary, fallible and paradoxical as they are now and always have been. The action was slow for a Potter play, but that was probably unavoidable, given the self-imposed difficulty of working so many songs into the script.

Director Piers Haggard used only changes in lighting to lift the songs out of the everyday and in several instances the characters doing the lip miming were of the wrong sex; man miming to a woman's voice and vice-versa. Together this made for a surreal effect which was not entirely satisfactory, though it may become less odd with familiarity. In part 1, Arthur, a sheet music salesman, left his wife, Joan, for a sales trip to Glos., gave a lift to an itinerant accordianist, set eyes twice on a beautiful young teacher and used the services of a prostitute in the back of his Morris 8.

Yet there was a lot more to it than that, of course. As with all Potter's plays in the last five years, this one was concerned with the narrowness of the dividing line between the light and the dark sides of life; the epileptic fit of the tramp musician, followed immediately by his delight in the beauty of the countryside, was almost like a parody of Potter.

The songs were made to help here, too: the phantasy sequence for "I'll be Glad when You're Dead, you rascal, you," permitted Arthur's wife not only to display the instincts and hands of a lady Macbeth, but to tap dance on her husband's coffin, as well.

Joan is in love with romance as it is portrayed in films, in magazines, and of course in Arthur's songs, but the realities of sex she finds at best a duty, and at worst "filthy." Arthur's eye for the beautiful teacher suggests that he, too, is chasing a romantic elusion—but he at least is looking for a conection between the dream of the songs and the reality of life.

One thing is for sure: it will be impossible not to switch on and find out what happens next week.

New York theatre

Dunlop in Brooklyn

by FRANK LIPSIUS

When Frank Dunlop turned a Waterloo butcher's shop into the Young Vic, he performed no greater feat than setting up a repertory theatre company in Brooklyn, the much maligned New York borough that probably has more in common with butchers than theatre. Unlike the Young Vic, which relied on an indigenous company of young people trained in the theatre by Dunlop himself, the Brooklyn Academy of Music represents culture in inverted commas to a population that, on its own, would constitute the fourth or fifth largest American city.

This is not Dunlop's first season in the large square neo-classical building in Brooklyn. (Neither is it the only theatre venture housed there.) Their relationship goes back to a production of *Scapino* several seasons ago. Last year, he did *The Three Sisters* and *The New York Idea*, a turn-of-the-century native comedy of manners. This season started off with Shaw's *The Devil's Disciple* and hit its stride with Ferenc Molnar's *The Play's The Thing*, adapted by P. G. Wodehouse—a brilliant amalgam of exiles in America.

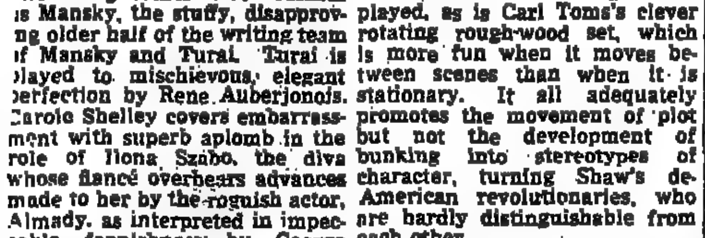
Dunlop has wisely stocked his company with important names that his own reputation can now command in America. *The Play's The Thing* boasts Kurt Kraszmar as Mansky, the stuffy, disapproving older half of the writing team of Mansky and Tural. Tural is played to mischievous, elegant perfection by Rene Auberjonois. Carole Shelley covers embarrassment with superb aplomb in the role of Ilona Szabo, the diva whose fiancé overhears advances made to her by the roguish actor, Almady, as interpreted in impeccable foppishness by George Rose.

To extricate Ilona from the repercussions of her indiscretion, Tural writes a dialogue overnight around the lines the lovers exchanged during a weekend party on the Italian Riviera. Santo Loquasto's set makes a spectacular contribution of its own, with an elegant staircase separating the art deco forestage with its pre-Raphaelite murals and an azure-blue picture window at the rear. The gem of a production is polished to a high gloss, a Dunlop speciality, with an extra shine thrown in by Rex Robbins as an obsequious, patronising servant who keeps Tural company through his all-nighter.

This week's Books Page will be in to-morrow's paper and will contain reviews of new books about Thomas Hardy.

The first play of the Dunlop season, *The Devil's Disciple*, fared less well in its opening a fortnight before. By the third act, where George Rose as General Burgoyne exchanges homilies and civilities with Chris Sarandon as Dick Dudgeon, everything falls into place and the Dunlop touch brings out the best of both characters. Before that, however, the rough edges of the American rebels are over-played, as is Carl Toms's clever rotating rough-wood set, which is more fun when it moves between scenes than when it is stationary. It all adequately promotes the movement of plot but not the development of bunking into stereotypes of character, turning Shaw's de-American revolutionaries, who are hardly distinguishable from each other.

Having abandoned the Old Vic to fulfil other ambitions Frank Dunlop has managed in Brooklyn to give America as close to a national theatre as it might ever get.



Carole Shelley and Rene Auberjonois in the BAM Theatre Company's "The Play's The Thing"

Venice

Aida

by WILLIAM WEAVER

Like some other Italian opera houses, the Teatro La Fenice has been going through a bad period. Last season attendances dropped sharply, the number of subscribers diminished, and bitter dissension—arriving at open rebellion on the part of the orchestra—marked the artistic directorship of the gadfly composer - designer - producer Sylvano Bussotti. Now, after extended, acrimonious public debate, Bussotti has been ousted, and things in the Venetian theatre seemed to be returning to normal.

For a start, the Fenice is enjoying a huge success with its new production of *Aida*, now in the course of its run of eight performances, all of them sold out well in advance. While this *Aida* is not perfect, it is highly enjoyable and presents many interesting features. The first of these is the conductor. The name of Giuseppe Sinopoli is familiar to those who follow the Italian musical avant-garde, in which he is active not only as a conductor but also as a composer. Practically speaking, however, this *Aida* represents his Italian debut in the familiar repertory. The Verdi masterpiece, with its bold juxtaposition of massive grandeur and lyric intimacy, is not an easy choice, but Sinopoli showed, from the very first bars of the Prelude, that he knows the work thoroughly and feel its deeply. The music flowed smoothly, soaring at the great climaxes, then hushed in the scenes of private emotion. The orchestra and chorus in Venice are not ideal instruments at this point, but Sinopoli extracted fluent playing from the musicians and (almost always) accurate singing from his massed Egyptians and Ethiopians. Though the opera moved at a firmly-controlled pace, it was not rushed, and the conductor gave the singers ample freedom, occasionally abused.

At 47, Carlo Bergonzi no longer has the vocal ease and brilliance of his youth. The voice is still beautiful, but he has to take his high notes as he can, that is to say, loud. Sinopoli also permitted him to hold some of these notes longer than the musical phrase required; but this was a Radames to admire, nevertheless. And for the final duet Bergonzi found again that *mezza voce* which has always been one of his great charms.

There has been a good deal of puffing in the Italian papers for the soprano Maria Parazzini, the Venice Aida. She is, indeed, a singer of considerable promise, though there is much work yet to be done on her big, uneven voice. There are occasional dead patches in the singing (especially in the middle range) and the high notes, when loud, are not always pleasant to hear. In her Aida there are many affecting moments: her "Numi, pietà" was meltingly sweet, and she sang much of the Nile scene and all of the final duet with tasteful simplicity. She is not really into the role, but it is there waiting for her. One looks forward to hearing her again.

When he did not force his voice beyond its natural, lyrical limitations, Garbis Boyagian was an effective Amonasro. Bruna Baglioni was acceptable as Amneris (hers is another voice with dull areas and with a tendency to sag occasionally). The smaller roles were well sung.

Visually, the production was dominated—or rather, dictated—by the sets of the sculptor Mario Ceroli. Famous for his cut-out sculptures in raw wood, Ceroli made his opera debut a couple of seasons ago with the much-discussed *Norma* at La Scala (seen on TV with Caballé). His *Aida* was engagingly plain: a wide platform running across the stage, high enough to allow performers to walk beneath it; a broad stairway, which could be raised, lowered, extended; added elements, such as screens, a wooden boat, a golden moon, and some characteristic cut-out figures. It was all very beautiful, but was it *Aida*? Not really. At times, the platform actually worked against the drama (thus Amonasro, attacking from stage-level the High Priest on the platform, looked ridiculous, and the end of the Nile scene had no impact). The construction apparently conditioned the staging of Mauro Bolognini, whose work was not much in evidence. The singers and chorus did little more than enter and exit. Nevertheless, the production was seldom downright distracting, in the Luca Ronconi sense: only Geoffrey Cauley's dotty choreography could be considered really negative. For the rest, this was a generally artistic *Aida*, rightly cheered by the capacity audience.

As usual, the Fenice's Press Office provided a handsome and informative programme. Among the several articles included, the one by Gustavo Marchesi, a distinguished Verdi expert, proved particularly important, since the author suggests, with convincing evidence, that the area "O patria mia" was not—as tradition has it — composed after the opera's Cairo premiere but was written at the same time as the rest of the work and was probably heard in Cairo, too.

Festival Hall

Abbado

by DOMINIC GILL

The concert of Mozart and Stravinsky played by the London Symphony orchestra under Abbado on Tuesday combined plentiful measures each of sparkle, affection and high good humour. Sparkle in Mozart: the soloist in the B flat concerto K456 was the young Hungarian pianist Zoltan Kocsis, who relaxed, after a slightly nervous start, into a performance of great poise and clarity — an andante especially, beautifully articulated, delicately pointed; and a finale of liquid fire, taken fast and clean, with splendid rhythmic urgency, very exciting. Kocsis is the third, and last (after Schiff and Ranki), of a remarkable trio of young pianists from Budapest who have appeared in London during the past ten days. Next time, maybe, they should give the Mozart triple concerto together?

Affection for Stravinsky's *Pulcinella* — the Italian cousin of *Petroushka*, and the first-born of Stravinsky's neo-classicism (1919), given here complete, and with much affectionate indulgence by the trio of vocal soloists, Teresa Berganza, Ryland Davies and John Shirley-Quirk. And good humour in Abbado's finale, the second orchestral suite of *The Firebird*: a performance just a little frayed at the edges to start with, and a shade slow to warm, which leaped nonetheless with a spirited bound into Kaschei's Dance, and from then on, held magnificently firm — taking in its stride an exhilarating crescendo from the lullaby to the finale, barely audible shimmer of strings to brazen *triple-fortissimo*.

Guildhall School

Double Bill

When not long before Christmas the Guildhall School of Music and Drama put on Shakespeare's *Dream* with Mendelssohn's music, the orchestra pit in the new theatre was covered and the score taped. The double bill of Carey Blyton's *The Girl from Nogami* and Berkeley's *A Dinner Engagement* first seen on Tuesday (further performances tonight, and Friday) gives a better idea of what, with the pit open and an orchestra in it, the possibilities will be for opera.

The first thing that these two intimate, small-cast works showed was the much greater size of the stage compared to the old building in John Carpenter Street—when a chorus is available, choral operas can be done without crowding. The second thing is that the orchestral sound is very forward—to judge from Berkeley's lightly touched in score singers with or without good projection will be sorted out at an early stage. *A Dinner Engagement*, incidentally, I heard from a seat near the back. For Blyton's piece, which is even more lightly (though not nearly so sensitively) orchestrated, I was further forward. Though the instruments sounded very near, once again good diction from the singers carried easily.

The Girl from Nogami, commissioned for the School and receiving its first performance, is a piece of Japanese flimsy which limps through a coy anecdote about an unfaithful husband. At its strongest it resembles—well, commercialised Holst, but it is more often weak, with much-repeated phrases in oriental patterns. It did however serve to introduce a bright young baritone, Omar Ebrahim, who has zest and humour as well as a good voice.

In the Berkeley, Sharon Halliday as the Grand Duchess showed an unusual combination of rich contralto with telling use of words—if everyone could do this, Paul Dehn's libretto wouldn't seem so like a protracted *Punch* joke. Delith Brooke and Philip Dennis were a nice pair of lovers, though his words were sometimes lost. Vilem Tausky conducted, with skill in the Berkeley and patience in the first piece. RONALD CRICHTON

Arts Council's gift to the Theatre Museum

Theatre designs, models, sketchbooks and photographs belonging to the Arts Council's collection of modern British paintings, drawings, sculpture and graphics are being given by the Council to the Theatre Museum, which is administered by the Victoria and Albert Museum. The designs are being handed over to the Victoria and Albert Museum until the Theatre Museum opens in the Flower Market, Covent Garden in 1980.

Up to five years ago the Arts Council included theatre items in its purchases for the collection, and a number of small exhibitions were mounted with the theatre material. The Arts Council now feels that the collection is not being put to the best use and the Theatre Museum would be a more appropriate home.

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Mr. Callaghan and Bonn

THE DINNER that Chancellor Helmut Schmidt is to give for Mr. James Callaghan in Bonn on Sunday is unlikely to be a very light-hearted affair. Both men are now seriously worried by the mounting economic and social problems facing the West and their possible political and security implications. The message that Mr. Callaghan will be bringing with him from London is that the time has come for Western nations to make a co-ordinated attack on the two most immediate problems, unemployment and the threat of protectionism—if only to prevent the situation deteriorating still further.

Elections

Though both of them are leaders of Socialist parties, the two men are also apprehensive about the possible consequences of a victory for the Left in this month's French elections. Mr. Callaghan is particularly concerned by the potentially disruptive effects for the Atlantic Alliance. Herr Schmidt would much prefer the present coalition, under the leadership of M. Raymond Barre, to retain control over the French economy. Both Governments fear that a Left-wing regime in France might be tempted to follow protectionist policies that could have world-wide repercussions. But French politics will not be the main topic for Sunday's Anglo-German dinner, even though it coincides with the first round of voting in France.

Mr. Callaghan's main aim will be to discuss ways in which the new "convoy" formula for steering the world out of recession can be put into practice. He will not be pressing Herr Schmidt to take further unilateral action to stimulate the German economy under the old "locomotive" principle, now abandoned by OECD and EEC Finance Ministers, which assigned the strongest economies the responsibility of pulling the others out of difficulty. The Prime Minister's hope is that all Western Governments can now be persuaded to take some new measures to tackle unemployment—preferably before the projected July economic summit in Bonn.

This is certainly a more sensible approach than the railing against Bonn for not reflating fast enough that has been indulged in by Mr. Denis Healey, the Chancellor of the Exchequer. The problem is that Herr Schmidt is still far from convinced. He continues to believe that West Germany has done all it can to stimulate its economy and could do no more even if it wanted to. His interpretation of the "convoy" theory is that it means that it is now up to the other countries to fall into line. By the July summit, he hopes to have sufficient evidence to prove to his colleagues that he is right.

Mr. Callaghan could nevertheless well argue that there must be some further measures that Bonn can take, even if they are largely cosmetic, to fortify the impression of Western solidarity. He should also urge the need for an improvement in the strained relations between Bonn and Washington and an end to the singling out of Japan for criticism by other Western Governments. Tokyo must be brought fully into the co-ordinated planning for the July summit that should now start in earnest—planning that should include provision for a boost to the economies of developing countries through the North-South dialogue.

Bitterness

But the Western effort should not be concentrated solely at the summit level, at which only four of the nine EEC countries are represented. A great deal more could be done within the EEC to co-ordinate economic policies and promote employment. An important first step would be to restore good relations at all levels between London and Bonn, where the UK's EEC policies have caused considerable bitterness in recent months. Mr. Callaghan can contribute to this process on Sunday. He might also suggest that the time has come to start examining more ambitious regional and social policies that would lead to real transfers of resources inside the Community. He might well get a dusty answer, but it would at least be worth a try.

Policing the markets

REPRESENTATIVES of the various bodies which are to form the backbone of the new Council for the Securities Industry met at the Bank of England yesterday under the chairmanship of the Governor. Although various details have yet to be worked out and the key appointments made, it is hoped that a formal announcement can be made within a few weeks and that the CSI can then get down to work. It will not be before time. It is now 18 months since the Department of Trade decided, after two years of reflection, that public anxiety about the operation of financial markets could be satisfactorily allayed by a more ambitious system of self-regulation and that statutory control by some organisation like the U.S. Securities and Exchange Commission was not needed.

There is much to be said in favour of self-regulation if it can be made to work effectively. The City Panel on take-overs has, on the whole, done so because it is concerned mainly with a small group of professionals who know each other well and are jealous of their reputations. It is probably as well, therefore, that the Council is to build on the work of the Panel (which it will absorb) and concern itself only with the security markets. Regulation of the commodity and other markets, as some people proposed, will be outside its remit—at least for the time being.

Some doubts

Even before a formal statement of the new Council's constitution and objectives is published, however, there seems to be room for expressing some doubts and criticisms. The first, already touched on, is the length of time it has taken to reach agreement: one can express relief only that it has not been thought necessary to wait for the final report of the Wilson Committee and assume that the extent of public disquiet and the risk of legislation has been underestimated. The second is that, since public disquiet is the origin and justification of the new Council, public representation on it might well be larger and decided by the Department of Trade rather than the Bank. One does not want the new body to look like another City club.

The third and fourth criticisms are inherent in the system of self-regulation. The theory of the thing is that various professional associations agree to accept the recommendations of the Council and to discipline their members if necessary. But this leaves out the case of outsiders, who might well prove awkward to deal with in the absence of sanctions. It overlooks the fact that some associations are much better placed to discipline members than are others, and that the extent to which accepted codes of professional conduct already exist differs widely from one to another. Since the long-delayed proposals for legal action against insider dealings look like being postponed yet again, it will be all the more necessary for bodies like the Stock Exchange to make more regular use of the disciplinary powers they possess.

Consultation

The fifth and final criticism is perhaps the most important. It is that consultation on this matter, which is of the highest public interest, has been confined to a very narrow circle—a procedure, as the Bank of England might have learned from its experience with Equity Capital for Industry, which is apt to produce something less than ideal results. If the Government had been trying to work out a system of regulation, we should have had a consultative document to launch a public discussion and a request for submissions from all those interested. In this case, not only has there been no public consultation but even some of the professional associations expected to support the new Council until recently knew very little about what was intended. One must wish the new venture every success. Until there is a fair amount of experience of its activity and its ability to reassure the public about the adequate policing of the security markets, however, it will remain too soon to conclude that the principle of self-regulation has defeated its opponents for good.

Hua takes his chance on a great leap forward

BY COLINA MacDOUGALL

THE GREAT Chinese mystery has been cleared up a little by the National People's Congress which closed in Peking on Sunday: there is to be another economic Great Leap Forward, and some relaxation of the strict controls exercised by the party. But though a feast of figures came out of the congress for the economists, the outside world still knows little about who really holds the levers of political power in Peking.

After much outside speculation that Vice-Premier Teng Hsiao-ping might take over the premiership from Chairman Hua Kuo-feng, who holds both jobs, the status quo was preserved. The only change among the top three in the national hierarchy was that Yeh Chien-ying moved up from Minister of Defence to be what is in effect head of state.

None of this necessarily implies anything sinister, but the fact that Yeh's old job was filled by an ancient soldier who at 76 can only expect to serve for another few years, suggests that the leaders in Peking were unable to agree on which of the younger men should get this very influential post. This view is reinforced by signs of high-level disputes over military modernisation frequently evident in the army newspaper.

Tough-minded pragmatists

It hardly seems possible that Teng Hsiao-ping, twice thrown out of his job (in 1967 and 1976) and most bitterly humiliated, should voluntarily turn down the premiership, as some have suggested, merely to avoid the onerous protocol duties. There is an interesting passage in Chairman Hua's report to the congress relating the unfortunate events of early 1976. He smoothly describes how he himself was promoted (over Teng's head) to acting premier, confirmed in the job and appointed senior party vice-chairman (that is, second only to Mao) when Teng was sacked after the riots in Peking in April of that year. It is not difficult to imagine how Teng might feel on listening to this episode related by his supplanter.

On the other hand, there is no doubt that there is now a tough team of veteran pragmatists as vice-premiers, who can certainly be more associated with Teng than with beneficiaries of the Cultural Revolution. Of the 12 vice-premiers elected at the 1975 congress, four have gone—Hua to the premiership, Chang Chun-chiao (one of the Gang of Four) to disgrace, and the two token workers to obscurity. Of the five replacements, one is military—the new defence minister—and the others are all professional administrators.

There are only two beneficiaries of the Cultural Revolution left at the vice-premier level, one, Chen Yeng-kuei, the former head of the model Tachai production brigade who has impressed even foreigners with his dynamic personality, and the other the mysterious Chi Teng-kuei, who was plucked out of obscurity by Mao to star in Peking and seems to have proved his worth. Of the rest, eight (including Teng) are like-minded technocrats and the remaining three are soldiers. The average age of the new vice-premiers is probably nearer to 60 than 70, and if for any reason Chairman Hua fails to stay the course, after the 74-year-old Teng leaves the scene, there are several who look potential prime ministers.

The economic bent of the Congress was underlined by the creation of eight new ministerial jobs, most of which fall in the economic and industrial sphere. It is particularly interesting that the president of the Bank of China now ranks openly as minister. This post has gone to Li Pao-hua, believed to be the son of Li Ta-chao, one of the early Chinese Marxists and a great influence on Mao.

One possible explanation for the immobility at the top is that some kind of bargain was struck between Hua and Teng which allowed Hua to retain the premiership provided that Teng's nominees got the vice-premierships and ministerial jobs. One candidate for defence minister from Hua's side might have been Wang Tung-hsing, now fifth in the party hierarchy and the soldier believed to be responsible for actually arresting the Gang in October 1976. Wang, once Mao's bodyguard, switched allegiance at the last moment, but his past associations are unlikely to have endeared him to Teng.

Possibly support for the compromise theory can derive from the new constitution, which no longer makes the National People's Congress subject to the party as before. One might perhaps detect a slight trend towards a government operating more independently of the party. Yeh Chien-ying, the new Chairman of the congress standing committee, a post which has now been formally given some head of state power, is a forceful man despite his 80 years who reportedly upheld Teng in the teeth of opposition in 1976.

Yet it is difficult to take too seriously the new constitution, the third in less than 30 years. The Chinese Communist Party has altered its constitution three times since 1969. Apart from the fact that in the political manoeuvring in China in the past 20 years the state constitution has been completely disregarded, it appears that in the Chinese mind it figures more as a policy statement than a document with the force of law. This seems true of the new constitution, with its long tribute to Mao and its clauses on economic development.

In any case Hua, as both Chairman and Premier (and commander-in-chief too) holds all the reins of power ultimately in his own hands. This does not mean that his writ yet runs with complete effect throughout China. The first part of his very long report was taken up by his account of the struggle against the Gang of Four, and both he and Yeh Chien-ying reiterated the need to carry on battling against its remaining supporters.

One must assume that this is still a serious affair, even though the purge in the past year has already replaced two-thirds of provincial leaders as well as a large number of office-holders in Peking.

While it is easy to imagine radical young people discontented by the fall of the Gang and workers disinclined to give up the relaxed, semi-anarchic conditions that prevailed in some factories while the Gang ruled, the threat must be greater to continue to rate such prominence.

Yet when all is said and done, the Congress in its orderly behaviour represented such a startling contrast with the last few years of ferocious political manouevring that it would be unfair only to look for signs of trouble. The main message of the meeting was the enormous and apparently unanimous stress on China's dash for economic world power status by the end of the century. While the post-Mao leadership has frequently reiterated the need to catch up with the advanced countries by AD 2000, this was the first occasion when Chinese plans have been spelled out in any kind of detail.

By the end of the century, Hua said in his report, agricultural productivity is expected to reach or surpass advanced world levels and the output of major industrial products to approach, equal or outstrip that of the most developed capitalist countries. This will require the highest possible degree of mechanisation in agriculture. There will be automation of the main industrial processes, a big increase in rapid transport and communications, and a considerable rise in labour productivity.

The first step in this programme is the ten-year plan, originally due to run from 1976 to 1985. It was first discussed in 1975, but sabotaged by the activities of the Gang. As it now stands, within the remaining eight years, China is to raise grain production to 400m. tons annually (from an output last year estimated at 285m.) and steel production to 60m. (from 25m.). Overall output from agriculture is to rise by 4-5 per cent. annually and from industry by over 10 per cent. Hua indicated that similar targets had been set for other sectors, but did not reveal them.

Large-scale expansion

Within the next eight years, he continued, China plans to build or complete 120 large projects, including ten iron and steel complexes, ten oil and gas fields, eight coal mines, 30 power stations, six new trunk railways, and five important harbours. Revenue and capital investment expenditure would be as much in the coming period as the total since 1950. He stressed particularly that China should try to catch up in nuclear power, computer development, and space science.

With endearing modesty, Hua commented: "We are not yet acquainted with many of the problems that crop up in economic construction. In particular, in many respects modern production remains an unknown . . . to us." While few planners have had to cope with the problems presented by the modernisation of a country like China, the inexperience that Hua talked of may have led Peking to overestimate its ability to develop quickly. The published targets for grain and steel may rebound on an over-optimistic leadership if they are not fulfilled.

The grain figure particularly looks hard to meet. Chinese grain production has stagnated over the past three years, mainly through poor weather, not political interference. Since 1970 the average annual increase has not been more than about 2 per cent., though there were a couple of good years when it rose by 5-6 per cent. The recent plateau suggests that it is getting steadily more difficult to improve output when the land is already cultivated intensively.

The leadership is putting its faith in agricultural mechanisation, due to be 85 per cent. completed by 1985. Investment is going to be enormously increased, and Peking expects as a result that output from indifferent land will be able to reach the 4 per cent. increase annually that fertile and well-watered fields have managed before. Peking obviously has some very ambitious schemes in mind: Hua referred briefly to a project for irrigating the bone-dry lands north of the Yellow river with water brought from the Yangste, many hundreds of miles to the south.

The key question is whether China can carry through plans like these as well as modernising industry. To reach its steel target, it must more than double present output, a task it appears to envisage carrying through mainly with its ten new complexes. These ten are only a few of the total 120 large pr jects Peking has in mind. Y in the last four years Chi has only managed to put one major steel works (Wuhan), and for that t equipment was mainly i ported.

Even so, the new faciliti only provided finishing capaci for a crude steel plant th already existed.

Admittedly the years sin 1973 saw much political int ference, so the example may n be completely fair. But it certainly a moot point wheth China has sufficient ra materials, good enough tran port, adequate heavy enginee ing capacity, and sufficie trained manpower to carry o so rapid an industrialisati programme. Steel is particular difficult: the industry has lagg behind for years as China do not have high-grade coking co or iron ore and needs to inve heavily in processing faciliti

Obviously imported plant w be important. Here too the spe of growth is limited not mere by China's available foreign e change or borrowing potenti but also by the ability of t ports to handle incoming good rail transport to carry the away, and expertise to work wi foreign engineers and grasp ne technology. One can see ho China could modernise by t end of the century; what more puzzling is the new pr jected Great Leap Forward eight years.

It is possible that the Chine have put forward high targe simply to rouse enthusiasm. Y it is hard to imagine the har headed team now running affai doing that, as a shortfall coul become apparent quite soo Curiously, on the State Counc Chairman Hua is probably on of the few with little industri experience. It might eventuall turn out to be significant th he, the choice of Chairman Ma was the one who landed Chi with some unattainable goals.

Whatever the underlyi rifts, though, the Congress ou wardly emphasised unity. Th concurrent session of th People's Political Consultativ Conference included a hu diversity of representative from the Roman Catholic Arc bishop of Shenyang to th brother of the last emperor the Ching dynasty. Th emphasis is now on the deve opment not just of industry but of science, education an art. The national minoritie traditional culture, and to very limited extent even religio are making a comeback. Muc of this is window-dressing, bu the leadership obvious recognises the stultifying effe of the conformity of rece years. The relaxations mig seem minimal in a develope country of western Europe, bu in China they do represent new freedom in which Pekin obviously hopes that creativit at least in technology an science, will come to flourish.

Soldiers and civilians parade through Peking in honour of the new Chinese constitution.

MEN AND MATTERS

Sir Robert's fight for jailed don

ONE OF the terms of the Rhodesian "internal settlement" is that the sentences of political prisoners will be reviewed. So there may at last be hope for John Conradie, who was an outstanding young history lecturer at Salisbury's University College until he was jailed for 20 years in 1966.

Now in his late 30s, Conradie has been in Salisbury Prison ever since being convicted of possessing a package of explosives. He has a serious heart condition.

Last night I spoke to Sir Robert Birley, a former headmaster of Eton who has been working constantly behind the scenes here and in Rhodesia for Conradie's release.

Sir Robert came to know Conradie shortly before his arrest, while in Salisbury to make a report on political troubles at the University.

There are now better hopes, in Sir Robert's view, that the Salisbury authorities may soon be willing to show clemency towards Conradie. Although he is South African born, arrangements have been made for Conradie to come to Britain if he is freed. He spent two years in London while doing post-graduate work at the School of Oriental and African Studies.

Conradie is the only child of a widowed mother who lives in South Africa and year in, year out makes the long journey to Salisbury on visiting days.

There never was any suggestion that Conradie had used any explosives. Those found in his rooms were left there by another lecturer who escaped the country.

Champ's choice

Bophuthatswana, that black "homeland" in South Africa, has been denied recognition by the world but might just now be receiving it from, of all people, black boxers.

The first defence by Leon Spinks of the heavyweight title he wrested from Muhammad Ali could take place in the homeland, according to Top Rank, the New York boxing promoters who handle Spinks.

In Johannesburg, Sol Kerzner, managing director of South Africa's largest hotel chain, the Southern Sun Group, claims that he has "satisfied the promoters and boxers that Bophuthatswana is an independent, sovereign state." He also says that Spinks's first fight will be with the Big Lip himself and that the promotion would be worth \$14m. and "help put Bophuthatswana on the world tourist map."

Top Rank's head, Bob Arum, pours just a little cold water on Kerzner's claims. Bophuthatswana is tentative and the fight could be at any other mutually agreed site. Equally, Ali himself has not yet been signed up and the contract is only for Spinks's first defence of his one-month-old title.

Ken Norton, the leading U.S. contender, is reported as being ready to accept a purse of a mere \$200,000. But the widespread belief that he might win and the money which all concerned could get out of a fresh bout with Ali mean that we could be seeing Ali back in the ring. But not, I would have thought, in Bophuthatswana.

"And where would this Government be if the IMF had been told to lend less?"

Unquiet grave

THE WAY things are going in the U.S., it will soon be more fun to be dead than alive. I hear that some funeral companies in California are promoting a technique whereby a cheery message recorded before you go will at the flick of a switch issue from your casket from now to eternity. There should be some scope, surely, for optional postscripts in harsher tones from the after-world for mothers-in-law and drop-out offspring.

In New Jersey, Creative Tombstones offer a "synthesised voice with human characteristics" that shouts Hello to passers-by. Also available will be a tombstone video monitor relating your achievements in the days before you switched from the boring old flesh to your exciting computer existence. Religious inclinations are catered for by a programmed incense dispenser.

Change of mind

There are likely to be red faces later this month among those scientists who have committed themselves unreservedly in the great parapsychology debate. The power of the mind over material objects became a matter for eager investigation after Uri Geller sprang to fame. His demonstrations of fork-bending and other seemingly supranormal feats have never been explained—or disproved—scientifically.

But in a fortnight's time there is to be a major programme on Italian TV, with the title "Magic and Parapsychology." I gather that Geller's powers will be closely examined by the programme, although he is not appearing. His former manager will be taking part in the programme, however, and I hear he is going to tell all.

Bee off

So it is not only the Soviets who benefit from subsidised surplus food from the Common Market's mountains. Community bee keepers are being offered cut-price supplies of sugar for feeding their charges through the flowerless seasons.

To ensure that the subsidised sugar does not find its way into the family's tea, it is to be "de-natured." The bee keepers have come up with three ways of doing this and of making it if not unfit for human consumption at least unpleasant. The first is to mix in octoacetylsucrose which wrecks its taste. The second is to add some oxides of iron which spoil its colour — and presumably protect the little buzzers from anaemia. But the method which may be approved is to add in a mix of charcoal and garlic.

So, be warned. Bees may soon be relying not on their sting but their breath.

Modest request

High-minded graffiti they go in for in some riverside pubs. There is one in Chiswick saying: "The meek shall inherit the earth." Beneath it, in another hand: "If that's OK with the rest of you."

Observer

ECONOMIC VIEWPOINT

Revisiting the 1972 City Varieties

AN AWFUL feeling of "Here we go again" has recently been stirring in the City. There are certainly some disturbing echoes of the recent past—a balance of payments surplus no sooner painfully achieved that it seems in danger of vanishing, an acceleration of monetary growth, and a response which seems apparent mainly in the housing and property markets. Even property bonds, of all things, seem to have come to life again.

The financial world is also much preoccupied with the difficulties of a national leader with strong moral convictions, but little apparent ability to turn this into leadership, who is presiding over a disastrous expansion of credit and is in trouble with the coal miners; but his name is Carter, and he operates on the other side of the Atlantic. The unhappy President is perhaps a fair warning that historic parallels usually have less in them than meets the eye.

The memory of the past is our best guarantee against its repetition. It is impossible to believe that the financial world will indulge in another property bubble or another orgy of financial pyramid-building as long as there are men in charge who can remember the last time. The question is not whether history is going to repeat itself, for it is not; but why the system is apparently organised for a repeat show, and why we need the vigilance of our financial managers to prevent it.

The first point to remember is that it is really astonishing that there should be any similarity at all between 1978 and 1972, because the economic background is radically different. At that time we were visibly emerging from a recession and heading into a world boom; now we are at the end of a faltering world recovery and heading for a generally forecast recession. Then, there was no apparent policy about the growth of the money supply; now we have published targets. We have what is financially a much more conservative administration than that of Mr. Heath, and the alternative is more conservative still. Nevertheless, liquidity piles up, and would, but for recent memories, be finding the same silly outlets. What the City fears is that it will find new outlets which will prove just as silly.

The basic similarities between the present and the recent past make a much shorter list, but it is an instructive one. The company sector has made a strong financial recovery, and is still concerned with building up its liquidity; this is what most readily explains the vastly accelerated growth of the narrowly-defined money supply in the last six months, and the difficulty of controlling the growth of the broadly-defined M3 (cash, deposits and certificates of deposit) which is the subject of official policy. The Government depends on selling gilts to mop up surplus liquidity, but the surplus liquidity is quite largely in the hands of people who do not normally invest in this way. The pound is strong and interest rates are low; the building societies are flush with funds, and there is no effective qualitative control of bank lending.

What these parallels suggest is disturbing: for it seems that it is the result of apparently welcome developments—sound company finances, a sound balance of payments and an increase in personal thrift—which intoxicates the markets. Our financial system may or may not be good at allocating credit when it is scarce, but it is totally upset when circumstances conspire to produce a borrowers' market. There are simply not enough sound borrowers to take up the available lending.

Of course there is nothing new in this dilemma. Booms in the South Seas or Wall Street, in landed property, works of art and even black tulips have punctuated the whole of financial history. It should be the aim of financial management to make such episodes as unlikely as possible, and that is one of the central reasons for reasonably tight credit control. What recent history is suggesting is that credit control is not enough.

The most beguilingly simple explanation of what is wrong, which is being urged almost monthly by Morgan Grenfell among others, can be put in two words: exchange controls. The trouble on this account arises simply from a strong balance of payments or a strong currency. Inflows seem to pose especially intractable problems for monetary control, and if they are prevented from going out again into attractive foreign assets, they will churn around in the London market. It is certainly true that troubles of the British kind are somewhat less evident in more open financial markets and that controls do make the resident sterling market in London damagingly narrow. However, property booms and unsound lending are known even in countries where the export of financial capital is not only permitted but encouraged, such as Japan.

A second rather general explanation, which I have urged myself and will urge again, is that governments have been failing in their duty as borrower of last resort in conditions of inflation. The role of sound borrower in a time of financial surplus is a vital one, though little discussed. The availability of Government securities which meet the needs of major savers can prevent at source the growth of excess liquidity, and thus reduce the chance of emergencies which will call for a lender of last resort. It is better, in short, for the authorities to outbid questionable borrowers in the first place than to step into refinance them when they fail.

Mr. Gordon Richardson (left) brooding over revising the reforms introduced, with unhappy results, by his predecessor, Lord O'Brien (right).

In old-fashioned falling-price recessions Government stock filled this role admirably; the portfolio of a beleaguered heroine in a Sherlock Holmes novel contained nothing else. Fixed interest rate stocks are far less attractive when inflation is high and uncertain, and especially when they are the tool of monetary policy.

It seems certain, then, that the availability of long-term real-value securities — whether the North Sea equity urged by by my colleague Samuel Brittan, or some form of indexed stock —which could be linked to a measure of inflation, to the national income, the rate yield of a local authority, the price of electricity or even to rail fares—would help to stabilise the markets. It would also eliminate some of the optical illusion in the public sector borrowing requirement, and provide a sound asset for the personal saver and his pension fund. However, the length of the opening sentence above does not mean that I think it contains all the answers. The system of credit control and financial management in Britain also deserves attention.

It is certainly worth remarking that the crisis of 1974, and the reappearance of certain reminiscent symptoms now, have both occured under the regime introduced by the Bank of England's celebrated circular, Competition and Credit Control. The sad history of the pretensions summed up in the title is well known. First, credit control effectively vanished. When it was reimposed, a notable instrument was the "corset" which, by laying down a uniform permitted growth rate for all institutions, forbade competition—a threat which is still distorting the banking figures. It should also be remembered, though, that the new effectively unified system was supposed to produce a far more responsive and competitive market for allocating credit. That goal, too, seems to have been sadly missed.

Historians of the period have on the whole concluded that Mr. Leslie (now Lord) O'Brien, the Governor at the time and a strong sponsor of the reform, was enlightened but unlucky.

It was no doubt unfortunate that the *Titanic* struck an iceberg, but it shouldn't have sunk; and as a critic of the new system right from its inception, I have been reading with a good deal of delight a survey of the episode* by Mr. Alec Grant, who is no monetarist —and perhaps not strictly an economist—but writes with a long and intimate knowledge of financial institutions. He argues that the reform replaced a good, specialised financial structure with an unstructured scramble for funds which would have caused trouble in any circumstances.

To caricature an analysis which is rich in detail, Mr. Grant argues that there were several fundamental mistakes in Competition and Credit Control. The most basic was to treat all banks as the same kind of animal. To treat accepting houses, which ran balanced books of well matched assets and liabilities, on the same terms as clearing banks, which borrow short to lend long, gave a misleading definition of the money supply. It can be added that applying the same reserve ratios to both groups also pushed the accepting houses into progressively shorter-term liabilities, because there was no economy in reserves to be achieved by going long. The first result was to conceal vast and significant changes in financial structure behind the money total. More recently, the result has been to eliminate a specialised source of medium-term finance of relatively predictable cost.

As the system has become more uniform, interest rates have become more unstable; uncertainty over cost has shortened the planning horizon of borrowers until the get-rich-quick are at the head of the queue. Financial pyramiding to meet the hunger of the institutions for new assets was the natural consequence.

While Mr. Grant's diagnosis is fascinating, though often provoking, his prescription—a revival of planned credit rationing—is that of a former civil servant. There are fortunately other ways to discourage purely financial and property lending and so, too, reserve funds for uses which contribute to activity. These include the land tax suggested by some of our readers, differential reserve requirement in the lending institutions, the law governing collateral security, and indeed the current proposal for deposit insurance which leaves an element of risk, and so raises the cost of funds for fringe deposit-takers.

What matters, however, is the essential: that whatever emerges from the broodings of the present Governor, Mr. Gordon Richardson, on a second reform of the system should pay more attention to the differences between different intermediaries and different classes of borrower. A sound market in times like these needs not only a wider choice of sound assets, domestic and foreign, but a closer care for the institutional expertise which used to be the glory of the City.

* *Economic Uncertainty and Financial Structure. By A. T. K. Grant; Macmillan, £10.*

Anthony Harris

Letters to the Editor

Control by contracts

From the Prospective Liberal Parliamentary Candidate for Mid-Sussex.

Sir, — It is indeed a topsy turvy world. Not so long ago industrialists were rightly claiming that excessive wage increases were damaging our competitiveness and jeopardising the future of British industry.

Now Mr. Martin Trowbridge, director general of the Chemical Industries Association, is claiming (March 3) that by seeking to hold down wage increases through its contract terms, the Government will "erode confidence in the British Chemical industry and so hit investment levels."

Is Mr. Trowbridge really suggesting that allowing wages to run wild through excessive increases and phoney productivity deals will increase business confidence? If so his is indeed a strange industry.

In my capacity as managing director of an engineering company with three trade unions noted for their militancy on a national level, we experienced a responsible and realistic approach on the part of our trade union representatives during recent pay negotiations. There is little doubt however, that one of the factors which bore heavily in their agreement to a settlement within the Government guidelines was the proportion of work which we undertake for the nationalised industries and the realisation that if blacklisted this could have a serious impact on the job security and future employment of our personnel.

Government controls through contract terms are a potential weapon in the hands of management in achieving realistic pay settlements which I would have thought Mr. Trowbridge and the CBI would have welcomed instead of producing a flood of unrealistic self-righteous indignation.

Jack Campbell.
"Rosemary" Rosemary Avenue, Steyning, West Sussex.

The price of tea

From Mr. S. Symington

Sir,—On March 7 you published a letter about the price of tea from Professor D. C. Hague of the Manchester Business School, and a member of the Price Commission. I found it remarkably confused.

Professor Hague writes that he supports the market system but that it can only work efficiently where it is competitive. Really Professor, when did you stop beating your pupils? This is a prime example of muddled thinking. You either support the market system or you do not. You cannot add your own qualifying definition of "efficient" as a matter of personal whim. It is neither the object of markets nor their test that they work efficiently. Their test is that they work. By similar logic, their "competitiveness" is defined by consumer demand rather than the arbitrary judgment of outside bodies like the Price Commission.

The Professor goes on to write about "the Commission's need to identify the 'correct' price for tea," and that "the consumer needs protection." Had he not written it himself I would dismiss this as a libel on a man who claims to believe in the market system and who is a professor of business studies! Businesses do not exist to find the "correct" price for their products, only the price that they can command to make profit and re-invest at a satisfactory level. Nor do they exist to protect the consumer, although I fancy the consumer's interests are much better looked after by businesses which have to survive a free market and which are accountable for every product they sell.

Of course the arguments about markets and prices and competition are more complex than can be done justice to in Professor Hague's letter or my response. But I excuse my own simplification of the issues on the grounds that the principles should not be confused by the details.

And I fear for the future of British business management if they are to be taught that the "correct" price for goods is not the one which the consumer is happy to pay but the one which any third party might arbitrarily determine.

Stan Symington.
23, The Green, Twickenham, Middlesex.

Non-executive directors

From Mr. G. Mills.

Sir,—With the silt and confusion stirred up by the wholly negative Bullock episode settling back to the bottom, it is encouraging to see Hugh Parker of McKinsey and Mr. Lee (March 1 and 4) trying again to promote a more positive think about actively useful non-executive directors.

May I suggest that what needs protecting are the resources, in both men and know-how, which are so frequently wasted when a Board fails to develop a business area as well as its international competition, and thus so often closes down an activity and puts good men out on the street through no fault of their own.

Just putting three non-executives on to a Board, however, doesn't in itself achieve anything —evidenced by a Harvard Business Review article in 1975, "Clean up the Boardroom," which illustrated that the predominantly non-executive Boards in the U.S. perform about as poorly as the predominantly executive Boards in the U.K.

Nor does putting Hugh Parker's "heavyweight outsiders" on to Boards achieve anything—evidenced by the spectacular failure of many a famous British company which has carried a whole Board-full of such heavyweights, but which has sunk beneath the waves, nonetheless.

It isn't just the "presence" of three or any number of non-executives which is needed to stimulate Boards to judge themselves and their managements by performance rather than by pleasantry. We need to demand and enforce a wholly different style and depth of contribution from such non-executives, bearing in mind their potential and probably unique ability to protect those resources which we currently squander with such aimless, and often gutless, abandon.

Mr. Lee's call for non-executives who "rock the boat" is bang on—but currently quite impractical as virtually no Board will ever knowingly appoint such a director, whether he is a member of Mr. Lee's Guild, or "on the CBI/Institute of Directors' books." Such a director has to get himself appointed to the Board before he can analyse it, advise it, rock it, and then blow it up with the blaze of publicity which Mr. Lee envisages. We have to find a way to enforce the active use of such men, as quite possibly the last means available for raising average national performance.

In the British context the best bet is for the CBI (—or if it won't do it, then Mr. Lee's Guild in which I subscribe for the first ticket) to do a deal direct with the TUC whereby they press together for the following legislation, irrespective of which Government is in power.

Each Board (which should be one-tier in all cases and no more two-tier smoke-screens please), which represents more than 2,000 employees much carry two union directors (from a cadre of suitable men which the TUC would have trained), and two active two-three day per month non-executives from the business world. Each Board representing 200-2,000 employees to contain one and one, and the above to apply whether the company concerned is public, private or a subsidiary. Such directors to be appointed for two years minimum, with 12 months' notice either way.

Compromise is always silly, but this one would work—because all parties would be helped by it except for a few chairmen, who could quietly retire.

Geoffrey Mills.
1, Queen Anne Drive, Claygate, Surrey.

Leyland wins

From Mr. M. Seamark.

Sir,—We hear a lot of criticism of British Leyland and its performance, so it made a welcome change when visiting the recent Amsterdam Commercial Vehicle Show to see it gain the "Stand of the Show" Award. Yes, I was proud to be British when I saw Leyland's impressive stand exhibiting the current range of trucks but thought what a pity British TV was not present to record the success alongside the other big West German, French and Swedish truck manufacturers. But then I suppose good news is not national news when it comes to making headlines about British Leyland.

So I say, "Well done Leyland truck divisions at Bathgate and Leyland" and who knows, Michael Edwardes just might be able to put the identity, spirit, motivation and image of the truck divisions back once again into their cars. Good news—I hear they will soon be removing the sign at Solihull, "Leyland Cars Manufacturing Plant" and putting the "Rover" sign back up again, maybe then they will feel more like working a night shift on the 3500 line when the workforce gets back its identity and pride, instead of just being Leyland Cars.

M. J. Seamark.
202, Northampton Road, Wellingborough, Northants.

A single energy industry

From Mr. N. Jenkins.

Sir, — Ray Dafter's report (March 3) on the new energy policy/environment group suggests proliferation rather than conservation of advice. There is so much duplication of membership, meetings will be confused as to purpose; there are now so many commissions and councils representing conflicting interests that no clear policy can emerge for years if ever.

Surely, what we need is fewer consultative bodies not more. Already we have nationalised industries competing and quarrelling with each other—and competing with the national interest. The electricity industry, quite rightly with its present terms of reference, is selling its product hard even for home heating, against the advice of the Department of the Environment. The gas industry is refusing to encourage or consider bulk uses which would reduce overall consumption, preferring individual appliances and users who inevitably waste fuel.

How can there possibly be agreement on any of these commissions where representatives of the nationalised industries must oppose each other by the very nature of their business. What we need is one energy authority, not four; many questions of national interest, including those of the remit of the new environment commission, would be solved automatically when best choice is independent of industrial interest.

John Lloyd reported (February 15) continuing inter-industry dissension over prices. The last meeting of the Energy Commission had before it paper number eight where no less than four methods of pricing are described in detail including parity, the last being dismissed as virtually impossible.

Assuming that nationalisation of some industries is unavoidable in that they represent the overall national interest in areas where free competition has failed — and there is no other resort—why do we not combine them and stop the internecine war. A single nationalised energy industry could eliminate most of the colossal waste that the "Save It" campaign only serves to emphasise. By switching fuels on a day-to-day basis for decentralised, combined heat and power units—as the electricity industry does in its merit order system — we could substantially reduce costs to the consumer; parity pricing would become a practicality, energy would be charged for not fuel. The basis of cost would be the depletion of reserves with an averaged cost for recovery/production. Profits would be allocated to renewal or replacement of resources. There is only one use for N. Sea oil money—to cheapen energy where all interests can share equally.

The present complacence over energy prices is horrifying, a time bomb for Governments, an increasing hardship for industry, a penalty holding back social, health and welfare progress.

Norman Jenkins.
Whitehill, Ewshot, Farnham, Surrey.

Innovation and design

From the managing director Merchant Inventors International

Sir,—Mr. Leech (March 6) makes reference to my letter of February 20 when he rightly highlights the importance of the "detail-designer." Where I believe he errs is in his reference to the fact that "we put too much emphasis on innovation, creativity and invention" and the main purpose of my letter was to stress that this is an area that receives scant attention from any direction.

With an invidiousness that is rather surprising in a lecturer in a department of management science, Mr. Leech ends his letter as follows:—"Is it not, in fact, more difficult and more useful to be a good detail designer than to be merely inventive." Surely the nub of the matter is that the innovator is rarely a good designer and vice versa and that their roles are inter-dependent and of equal importance. If anyone has any doubts in this context, they should recall Christopher Cockerell's "tin-can" prototype and the "detail-designed" Hovercraft.

A. S. L. Owensmith.
87, Burgh Heath Road, Epsom, Surrey.

To-day's Events

GENERAL

Prime Minister meets Mr. Brian Talboys, New Zealand Deputy Prime Minister, at Downing Street.

National Union of Mineworkers' executive meets.

Mr. David Ennals, Social Services Secretary, and Mr. Stanley Orme, Minister for Social Security, address Labour Party Greater London region conference on Government's new pension scheme. House of Commons.

Industrial Marketing Research Association two-day annual conference opens, Stratford-upon-Avon. Speakers include Mr. Clive Jenkins, general secretary, Association of Scientific, Technical and Managerial Staffs.

Invest in Britain seminar, sponsored by Department of Industry, takes place in Norway.

Mr. Minoru Masuda, Vice-Minister for International Trade and Industry, Japan, begins two-day visit to Washington to re-affirm his Government's interest in a private Japanese buying mission now in the U.S.

TUC Women's conference, Scarborough.

Sir Peter Vanneck, Lord Mayor of London, attends City and Guilds of London Institute yearly meeting, Plaisterers' Hall, E.C.2.

PARLIAMENTARY BUSINESS

House of Commons: Oppositon debate on reports from Select Committee on Nationalised Industries on British Steel Corporation. Opposed private business.

House of Lords: Industrial and Provident Societies Bill, Domestic Proceedings and Magistrates Court Bill, and Judicature (Northern Ireland) Bill, third readings. Shipbuilding (Redundancy Payments) Bill, committee. Civil Aviation Bill, second reading.

OFFICIAL STATISTICS

Central Government financial transactions, including borrowing requirement (February). Provisional figures of vehicle production (February).

COMPANY RESULTS

Alexander Howden Group (full year). Lex Service Group (full year). Royal Dutch/Shell (full year). Transport Development Group (full year).

COMPANY MEETINGS

Bluemel Bros., Coventry, 11.30. Charter Trust and Agency, 20 Fenchurch Street, E.C., 2.30. Corn Exchange, Corn Exchange, E.C., 11 Grand Metropolitan, The Lyceum, Strand, W.C.2, 11.30. Watson and Philip, Dundee, 12.

OPERA

Royal Opera production of Idomeneo, Covent Garden, W.C.2, 7 p.m.

COMPANY NEWS + COMMENT

Steetley climbs to record £23.5m.

ALTHOUGH RESULTS from Canadian and Western European operations were *lower than for* the previous year, increased contributions from the U.K. and Australia meant that taxable profit of Steetley Company, the mineral, chemical and high temperature ceramics group, advanced from £19.95m. to a record £23.5m. for 1977. Sales were higher at £239.38m. against £210.77m.

At midway, when reporting a profit of £12.89m. (£8.66m.), the directors said that overall second half results should be similar to those achieved in the first six months.

Earnings for the year are given as *41.61p (33.48p) per 25p share.* The dividend total is stepped up from 5.858284p to 6.421918p net, with a 3.965198p final.

Profit was subject to U.K. tax of £4.66m. (£3.6m.) and overseas tax £0.73m. (£1.63m.). The charge has been reduced by £5.9m. (£4.5m.) in accordance with ED19 proposals.

Extraordinary debits amounted to £4.38m. (£0.27m.), which included £2.2m. written-off goodwill and £3m. exchange adjustments in respect of equity overseas, offset by £1m. favourable exchange adjustments in respect of term loans.

	1977 £000	1976 £000
External sales	239,378	210,774
Trading profit	28,187	26,007
Depreciation	6,799	4,314
Interest	4,345	4,053
Investment income	1,279	1,384
Pre-tax profit	23,499	19,952
U.K. tax	4,675	3,607
Overseas tax	731	1,627
To minorities	440	370
Extra-ord. debits	†4,377	278
Retained	10,691	11,387

† Includes £2.2m. written off goodwill and £3m. exchange adjustments in respect of equity overseas, offset by £1m. favourable exchange adjustments in respect of term loans.

● comment

Steetley's pre-tax profits were around £1m. below market expectations and the group's share price slipped 8p to 168p. After a 49 per cent. rise in the first half, pre-tax *profits fell 6 per cent.* in the second half. Around 45 per cent. of group turnover is generated from sales to the world's chemical and steel industries and the figures reflect the deteriorating trading conditions in those industries during the latter part of the year. The group's other major customer, the construction industry, also had a tough time. Figures were further depressed by a £800,000 deficit (compared with the previous year's £½m. profits) from currency movements. The shares *yield* 6 per cent. with the dividend covered almost 6½ times. The p/e is 3.9.

PLASTIC CONSTN.

Shareholders in Plastic Constructions were told by Mr. Henry Aron, the chairman, at the AGM that turnover for the current year was still ahead of last year and the order book remained healthy.

HIGHLIGHTS

Profits at BTR are 20 per cent. higher, reflecting substantial growth in the U.K. and U.S., but volume fell in Europe. Lex also takes a look at the LCI balance sheet and highlights the dramatic increase in capital expenditure plans. The column also considers the gilt edge market in the light of yesterday's approach of tap stock prices to the government brokers' supply level. A second-half drop in profits at Steetley left the overall figure below market expectations. Rentokil's U.K. interests were the main prop for the company with the overseas interests suffering from exchange movements, while *Barratt Developments has increased the number of completions* over a period when industry figures were lower.

Rentokil advances to £8.55m.

SPECIALISTS in timber preservation, pest control, damp proofing, thermal insulation, and industrial hygiene, Rentokil Group reports turnover up from £46.83m. to £50.83m. for 1977, and an advance in pre-tax profits from £7.16m. to £8.55m. At halfway profits stood at £4.01m., against £3.34m. and the directors were expecting at least the same for the second half.

Full year earnings are shown to be ahead from 3.73p to 4.41p per 10p share and the dividend *total is effectively raised from* 1.43137p to 1.611p net with a final of 0.981p.

	1977 £000	1976 £000
Turnover	50,834	46,329
U.K. home	28,260	22,948
Exports	916	699
Overseas companies	21,658	23,182
Pre-tax profit	8,546	7,164
U.K. companies	5,587	4,034
Overseas companies	2,959	3,130
U.K. tax	2,999	2,134
Overseas tax	1,358	1,502
Extra-ord. debits	773	†1,138
Retained	1,872	3,382

† Credits.

The directors point out that the rise in the rate of exchange of the pound during the year accounted for the reduction in overseas profits; 1976 profits would have been £253,000 lower at £2,877,000 had they been translated into sterling at the same rates as were applied to 1977 profits.

Extraordinary debits comprise net exchange differences arising on the translation into sterling of net assets overseas.

The company is close.

● comment

After three years as a laggard *Rentokil's U.K. interests last year* took-off increasing its profit contribution by 38½ per cent. and accounting for all the group's 19 per cent. pre-tax profits rise. Previously the U.K. interests have been held back by poor results from the building services division (dry rot, woodworm, proofing etc.). However, this division has now been reorganised and margins improved substantially last year *although the underlying trading* situation remained flat. Meanwhile, the overseas interests which provided most of the running in previous years have had a difficult time as exchange rates moved against the group and difficulties emerged in Sweden, Germany, Australia and the U.S. (in the first half). A 12½ per cent. dividend increase gives a yield of 5 per cent. while the p/e is 11.1 at 50p.

Yorkshire Bank up slightly

A SLIGHT increase in profits for last year is reported by Yorkshire Bank, which specialises in the *personal and the small corporate* sectors.

The bank, which is owned by the big London clearing banks, shows pre-tax profits up from £11.75m. to £11.85m. Mr. Graham Sunderland, the general manager, *said that this was not a bad* result in a difficult year.

He pointed out that the bank had experienced a rise of some 24 per cent. in its total operating costs, reflecting the expansion of its activities as well as the general level of inflation. At the same time, profits were reduced by some £500,000 as a result of the initial distribution which York*shire plans to make if permitted* during this year under the new staff profit sharing scheme.

A substantial contribution to profits was made by the two specialised subsidiaries, the finance company, which nearly doubled its surplus to around £1m., and the leasing operation.

In its annual review the bank draws attention to the *expansion* of its business by pointing out that the number of its current accounts has risen by about 26 per cent. in the last three years to the present level of 1.6m.

In the past year it has opened five new branches, following its policy of expanding in areas adjacent to its present activities, and has plans for six further branches in the current year.

M. Ford ahead 46% to £0.97m.

RETAILERS OF ladies' wear Martin Ford reports pre-tax profit ahead 46 per cent. to £965,255 for the 53 weeks to December 3, 1977, compared with £660,439 for the previous 52 weeks, on sales up some 25 per cent. to £5.57m. At halfway, the surplus was £181,229 higher at £444,517.

Turnover is continuing to increase, say the directors, although at a lower rate than last year due to the adverse weather conditions experienced earlier this year. However, they consider that satisfactory half year results will be achieved.

Stated full year earnings are 3.51p (2.39p) per 10p share and a final dividend of 1.3p net makes the total for the year 2.53p (2.249p), absorbing £316,250 (£281,125). A 1-for-4 scrip issue is proposed.

	53 wks. 1976-77 £	52 wks. 1975-76 £
Sales (excl. VAT)	5,571,785	4,472,687
Profit before tax	965,255	660,439
Tax	528,808	361,456
Net profit	436,447	298,983
Interim dividend	139,750	137,500
Proposed final	161,500	143,625
Retained	135,197	17,858

● comment

Martin Ford's recovery has continued through to the second half to take the full year profit up by 46 per cent., though the result is still short of the 1975 peak of £1.02m. pre-tax. Sales are up a quarter and represent good growth from existing stores. Only two new shops were opened in the period to take the total up to 48, but the company has been spending on its existing stores and cash balances are down from £700,000 to nearer £500,000. Since the year end the company has had a good Christmas period, but there has been a slowdown since January. However, the company expects profits to improve and one outside analyst is forecasting £1.15m. for the year. At 31p the shares are not expensive with a yield of 12.9 per cent. The p/e is 3.5.

BLUNDELL PERMOGLAZE

Shareholders in Blundell-Permoglaze Holdings were told by Mr. Guy Bassett Smith, the chairman, at yesterday's annual meeting, that the group had made an excellent start in the opening four months. Exports showed further improvement and the industrial division was doing even better. He was confident that the year's trading profits would show a satisfactory increase.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Barratt Devs. ...int.	2.84	May 31	2.4	—	7.33
Barrow Hepburn	2.3	July 3	1.93	3.67	3.25
BTR	4.62†	May 18	3.25	9.24†	6.5
City & Comml.	0.89	Mar. 31	0.72	1.82	1.58
Matthew Clark ...int.	1.6	April 18	1.5	—	5.19
G. H. Downing ...int.	5	April 21	4.5	—	10.22
Family Inv. Trust	2.35	May 3	1.85	3.85	3.15
Martin Ford	1.3	May 3	1.15	2.53	2.25
Gedong Inv.	1.38	April 10	1.21	1.71	1.53
Hampson Inds. ...int.	0.28	April 3	0.25*	—	0.68*
Inveresk	3.49‡	April 21	3.11	4.86	4.36
London & Strathclyde int.	0.48	May 23	0.45	—	1.38
Nu-Swift ...2nd int.	0.91	—	0.8	1.37	1.4
W. L. Pawson	0.25	April 11	Nil	—	Nil
Rentokil	0.98	—	0.87*	1.61	1.43*
Scottish Cities Inv. ...int.	2.25	Mar. 28	2.25	—	3.0
Steetley	3.97	April 20	3.58	6.42	5.86
Strong & Fisher ...int.	1.87	April 3	1.7	—	4.21
F. W. Woolworth	2.95	—	2.73	4.18	3.95

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Amended to take into account reduction in ACT.

Midterm slump at Strong & Fisher

IN THE wake of one of its more difficult trading periods, Strong *and Fisher* (Holdings) has been left with a profit of £371,700 for the half year ended November 27, 1977, compared with £1,075,800. The group produces high quality leather principally for the clothing industry.

Overall sales were fully maintained at £12.88m., compared with £11.72m. The volume was similar for leather goods but higher prices pushed up sales from £6.9m. to £7.75m. A major concern was the erosion of margins because of the upheavals in currency exchange rates — the company exports some 63 per cent. of its finished goods.

	Six months 1977 £	1976 £
External turnover	12,877,000	11,717,000
Leather	7,747,000	6,900,000
Other	5,130,000	4,817,000
Trading profit	841,200	1,634,200
Interest payable	308,200	308,400
Depreciation	148,000	125,500
Associated companies	45,300	74,500
Profit before tax	371,700	1,075,800
Tax	184,500	508,300
Net profit	187,200	567,500
Extraordinary debits	3,800	*7,300
Available	183,400	575,800
Preference dividend	1,400	1,400
Ordinary interim	99,200	90,300
Retained	82,600	484,200

* Credits.

Regarding the rest of the year, chairman Mr. Edward Davies says it is impossible to predict because of doubts surrounding the future *trend of world trade* and continuing anxiety concerning relative exchange rates. However, there are encouraging portents, with the continuing fashion trend towards suede clothing leather, overseas buyers are returning at prices which re-establish sterling margins, and tanneries are work*ing at full capacity.*

The directors are confident of the group's ability to take maximum advantage of the trading period that lies ahead.

Earnings per 25p share are shown to be down from 11.2p to 3.5p. The interim dividend is lifted from 1.7p to 1.87p net—last year's total was 4.21p from profits of £1.84m.

● comment

Currency movements are blamed for the near two-thirds drop in Strong and Fisher's interim profits. As leather is a world commodity the weakness of certain currencies, in particular *the U.S. dollar,* increased competition in the market. As a result trading profit margins fell from 12.2 per cent. to 6.5 per cent. Difficult trading conditions continued throughout most of the third quarter, but recently prices have improved enabling the company to restore its profit margins to some extent. However the outlook for the full year profit is hardly inspiring. The shares *fell* 9p to 60p yesterday where the prospective yield of 11 per cent. is the major prop, though if the company can double its interim earnings a p/e of 8.8 is not too demanding.

Bath & Portland sees slower growth

IN HIS annual statement, Sir Kenneth Selby, the chairman of Bath and Portland Group, says that a major advance in profits of the magnitude of the past two years is not expected for the current year, although the group will *strive to achieve better returns* in all sectors of activity.

He states that a major improvement in net profits could be made were heavy interest charges to be relieved, but it is felt that efforts to that end will only make gradual progress before October, 1978.

Members are told that the April budget may bring relief to a hard-pressed building sector, but it is too much to expect that 1977-78 results could benefit, although overseas profits should *be sustained at the previous year's* levels.

As reported on February 16, pre-tax profits rose by almost 50 per cent. to a record £4.85m. for the year to October 31, 1977, on turnover of £78.56m. (£68.65m.). The dividend total is lifted to 3.298p (2.998p) net.

At the year-end, current assets stood at £60.87m. (£57.13m.) and current liabilities at £48.87m. (£47.51m.). Overseas assets and liabilities for both years have been converted at rates ruling on October 31, 1977.

Compensation for loss of office of £35,000 has been made to Mr. Hugh Sykes, previously managing director designate. He resigned last April by mutual agreement, but remains as a non-executive director on the Board. Mr. Sykes who joined the group in 1975 was to have eventually taken over the managing director responsibilities of chairman Sir Kenneth Selby, who was to have remained as chairman. Sir Kenneth continues to combine both functions.

Meeting, Bath, March 30 at noon.

Bright outlook for Bakers Stores

Expressing quiet confidence in the future of Bakers Stores, Mr. Barry Baker, chairman, reports that trading for the first quarter of the current year was at a record level.

He added that the company was in an excellent position to take advantage of suitable opportunities for further expansion.

As already reported, pre-tax profits for the year to October 1, 1977 rose from £204,626 to £225,101, on turnover £0.35m. higher at £2.51m.

City & Commercial

After tax of £245,911 against £217,005, revenue of City and Commercial Investment Trust improved from £372,198 to £429,850 for the year to January 31, 1978.

A final dividend of 0.885p per 25p Income share raises the total to 1.819p (1.575p) net.

Net asset value is shown as 182p (143½p) per £1 Capital share.

W. L. Pawson pays dividend

Ladies' clothes manufacturers W. L. Pawson and Son incurred a reduced pre-tax loss of £4,908, against £139,286, for the year to December 19, 1977, after a loss of £8,519 (£20,239) for the first half. Turnover for the year was £1.66m. compared with £1.6m.

After a tax credit of £12,858 (£23,809) there is a net profit of £7,958 (loss £115,477) but extraordinary debits absorb £77,982 (nil).

Earnings are shown at 0.46p (loss 6.6p) per 5p share and there *is a dividend of 0.25p net—the first* payment since 1975. A payment was forecast in the November rights issue.

Retained profits and reserves at the beginning of the year stood at £189,296 (£304,773) and with a surplus of £63,919 (nil) on the *revaluation of freehold property,* the surplus available for appropriation is £183,191 (£189,296).

The company has exchanged contracts for the acquisition of J. Teff, a private company operating as manufacturing furriers and merchants of sheep skin coats.

The aggregate purchase consideration is £50,000, to be satisfied by £20,000 cash on completion and the balance in 100,000 Pawson Ordinary shares.

Net assets of Teff at March 31, 1976, were £2,849. Since then the company has issued new shares to the value of £13,010.

Pre-tax profits for the 15 months to March 1976 amounted to £5,050 *and management accounts for the* 18 months to September 30, 1977, of Teff and Trentway, a subsidiary, were £33,277.

Consol. Signal explanations delayed

Consolidated Signal's circular defending its past conduct has been delayed, but it is hoped it will be sent out by March 17.

Mr. J. W. Jones, secretary of the company and one of two directors along with Mr. David Rowland, has written to shareholders explaining the reason for the delay. The directors, he states, have "deemed it necessary to look into the Venesta issue in some depth, this being the area where most of the losses occurred."

Consolidated Signal told shareholders in a letter of February 16 that a circular would be sent to them in the immediate future with copies of communications to members since Williams Hudson became interested in the company.

Earlier in February, one of *Consolidated Signal's* shareholders, Mr. M. J. G. Moir, sought the support of other shareholders for a Department of Trade inquiry into the company. He alleged, among other things, the "disappearance of all our company's assets and the substitution for them of an enormous deficit." Commenting on the coming circular, Mr. Moir stated yesterday: "Members will now look to be supplied with complete facts and explanations" and they will also look to be given "a clear answer to the questions they have asked concerning the company's future."

ISSUE NEWS

Saga Holidays issue next Monday

BY TERRY GARRETT

Saga Holidays, one of the large *U.K. tour operators,* is going to break the ice in the new issue market next Monday with an offer for sale of 2.1m. 20p shares at 105p each. The company will be capitalised at about £6m. to £7m.

This will be the first offer of *shares to the public in a "new"* company since last September when Saint Piran, the U.K. mining and housebuilding group, floated off a 35 per cent. *stake in South* Crofty, a tin mining operation.

Moreover, it is the first time a small substantially family-controlled business has come to the market since building company William Leech offered its shares to the public in June 1976.

Though the issuing house, County Bank, is not expecting the sort of overwhelming response that South Crofty attracted, the bankers appear reasonably confident of a good response despite the weakness of the stock market *generally.*

Their confidence is based upon Saga's own financial record—profits have expanded from £342,000 in *the year to June, 1975* to £1.35m. in 1977—and the unique nature of Saga. There is only one other quoted travel company, *Horizon Midlands, and Saga is* quite a different kind of business.

Basically Saga's business is confined to customers aged over 60, who are offered holidays out of season, whether it be in small seaside hotels or round the world cruises.

The business was found by the current chairman, Mr. Sidney de Haan 25 years ago as a way of filling his Folkestone hotel out of season. *Last year the comp*any had a turnover of over £13m.

Apart from attracting busi[ness] via traditional agents Saga [has] built up links with over 30 clubs (such as bridge clubs), l[ocal] authorities and agencies for [the] elderly. Also it operates the S[aga] Club which has a membership of over 430,000 all of whom have [had] a Saga holiday.

When the *prospectus is* [pub]lished next Monday the bal[ance] sheet is expected to look str[ong]. Evidently Saga keeps a hard [core] of cash invested with local au[tho]rities and investment incom[e] probably a material contributo[r to] profits.

Despite the apparent sound[ness] of Saga and its good profits rec[ord] the decision to go ahead with [the] issue must have been diffi[cult]. County Bank and stockbro[kers] L. Messel started working [with] the company last October wit[h a] view to an offer, but then [the] stock market was a much brig[hter] place.

The company needed to [have] *the latest six-month figures to* December under its belt and [to] be in a position to forecas[t an] increase in profits for the [full] year. Moreover, the comp[any's] advisors wanted to get the [issue] off the ground ahead of the Budget.

If the issue had been [stopped] now it is unlikely that the ba[nk] could have brought it for[ward] again till late April or May [so] the company decided to take [the] plunge despite the unse[ttled] market.

Attock Petroleum relisting

The Stock Exchange has granted permission for the relisting of Attock Petroleum from Monday. Yesterday the company sent to shareholders a circular concerning the relisting and the purchase of oil and gas properties in the *Gulf of Mexico near Texas.* Also included were the audited report and accounts for the six months ended June 30, 1977 and an interim statement for the half year to December 31, 1977.

In the circular, the chairman, Mr. A. P. de Boer says that in the immediate future "the income accruing from the oil and gas properties in Texas and from *monies deposited in the U.K.* is likely to no more than cover U.K. expenses." But he regards the acquisition as "a significant step" towards Attock becoming a more broadly based production and exploration company.

On the investment in Pakistan, Mr. de Boer says that negotiations with the Government are continuing "with the aim of seeking a more rational pricing policy and an improved return on capital employed." But "it is not possible to predict the timing or amount of any dividend receivable" from that source.

In view of this and the fact that other income and expenses will roughly be in balance, "[the] Board does not intend [to] recommend payment of a [divi]dend either for the six montl[hs to] June 30, 1977 or for the yea[r to] June 30, 1978."

Despite the lack of divid[ends] advisers to Attock, Klein[wort] Benson, hope that the sh[ares] might stand at 80p-90p when listing is restored on Mond[ay].

The *pre-tax loss* for At[tock] Petroleum (excluding Attock [Oil] and subsidiaries) for the [six] months ended June 30, 1977 [was] £100,000. For the half-yea[r to] December 31, 1977, the pr[e-tax] profit was £19,000. A £5[...] unrealised loss on exchange [was] also suffered in the latter p[eriod] and £1.5m. extraordinary prof[it on] the sale of 51 per cent. of At[tock] Oil.

PRESS DEALINGS

Dealings were resumed ye[ster]day in the shares of William F[...] which had been suspended [on] Monday. The opening price [was] 31p, *against a suspension* [price] of 17p. But in an active two[-way] market the price pulled bac[k to] 19p, the price at which the sh[ares] eventually closed.

Lively interest was also see[n in] the "call" option and "dou[ble] option market in Press share[s].

Saatchi ready for growth

FOLLOWING the 28 per cent. jump to *£1.25m. in 1976-77 profits,* Mr. Kenneth Gill, chairman of Saatchi and Saatchi Company, the advertising agency, says that the group has a firm basis for growth in the current year.

He is looking forward to a year of *continued expansion in* the main agency business as well as the pursuit of the many good prospects for growth in and around the industry. At this stage he feels it would be reasonable to expect another record year.

An analysis of the 1976-77 profit shows that provincial operations contributed £142,000, Roe Downton £239,000 and Saatchi and Saatchi Garland-Compton £868,000.

Saatchi and Saatchi is the *group's largest business and also* the major source of profit, accounting by itself for 69.5 per cent. of total turnover while also operating *at the highest level of* margin of 3.1 per cent.

Roe (where the margin was 2.9 per cent.) continues to be a solid and reliable contributor to profits and following a run of new business gains is set for another *good year in 1978.*

Last year the directors reported that the performance in the provinces was patchy and that there was considerable scope for *margin improvement.* This year after strenuous efforts margins have been brought more in line *with the company as a whole*—and the improvement continues.

Referring to capital expenditure the directors say that this fell back to a more normal level in 1976-77 following exceptionally heavy spending in 1975-76. In future years they expect expenditure to continue at roughly the same level as there is little ongoing requirement for cash to be invested in capital equipment *plant or in financing heavy stocks.*

During the year there was an increase in net liquid funds of £1.48m. (£0.38m.). Cash and short-term deposits rose *£1.03m. to £2.75m. and the* [...] overdraft was elimin[ated] (£0.46m.).

Meeting, Ritz Hotel, W., M[arch] 31 at noon.

Hampson sees at least £0.54m.

Full year profits of not [less] than £0.54m. are anticipated [by] the directors of Hampson [In]dustries, who say that they [expect] the figure will show an imp[rove]ment over the previous y[ear's] record £0.57m.

For the half year to Sep[tem]ber 30, 1977, profits are a[head] from £240,420 to £271,390, on [turnover] of £5.43m. (£4.83m.). Tax t[akes] £141,123 (£125,018) leaving [the] net balance up from £115,40[2 to] £130,267.

The net interim dividen[d is] 0.275p (adjusted 0.25p)—for 1976-77 payments tot[alled] 0.681818p, adjusted for the for-ten scrip issue.

The company's activities a[re] engineering and manufactu[ring], industrial cleaning, mainten[ance] and allied services.

Reed Consd. increase

Reed Consolidated Indus[tries], which is 81 per cent. owne[d by] Reed International, reports [sales] of $A223.73m. for 1977 ag[ainst] $209.72m., and pre-tax profit [of] $10.97m. compared with $10[...].

Attributable profits rose [from] $5.62m. to $7.41m. including e[xtra]ordinary credits of $3[...] ($309,000).

The dividend total is 12.5 ([...]) cents per stock unit co[...] $3.11m. ($2.61m.).

Woolworth recovers and produces £6m. increase

AFTER BEING down from £12.15m. to £10.93m. for the first half, and from £22.85m. to £20.68m. at the nine months stage, F. W. Woolworth lifted final quarter pre-tax profits from £17.8m. to £26.1m. to finish the year to January 31, 1978, with £46.78m. compared with £40.61m.

Turnover including VAT rose by 10 per cent. to £787.94m. (£700.88m.) with a 14 per cent. increase in the fourth quarter.

After current tax of £21.93m. (£9.19m.) and deferred tax of £3.84m. (£11.94m.) earnings are shown to be up from 5.15p to 5.56p per 25p share and the dividend is lifted from 3.95p to 4.175p net with a final of 2.95p.

Profits were struck after a depreciation charge of £7.98m. (£5.77m.) which includes for the first time £1.96m. on freehold and long leasehold properties

	1977-8	1976-77
	£m	£000
Turnover	787,90	700,879
VAT included	43.61	40,227
Trading profit	58.60	56,954
Depreciation	7,98	5,771
Interest	5,38	5,918
Inv. and rent income	1,17	895
From prop. disposals†	.37	479
Profit before tax	46,78	40,609
Current tax	21,34	9,191
Deferred tax	3.41	11,942
Net profit	21,85	19,476
Exchange losses	.94	2,312
Extra-ord. credits	.42	782
Retained	4,85	3,882

† Excluding sale and leasebacks.

Last year's figures have been restated to conform with this year's presentation and the turnover of the Rhodesian subsidiary has been excluded.

The directors say that while the effect of the comparative improvement in the Christmas and January sales has been fully reflected in a profit increase, future results will depend partly on increased consumer spending, which will be influenced by Governmental measures to reflate the economy and partly on the company's continuing drive for greater efficiency and profitability.

The group's properties were last professionally valued in March 1971. The directors have arranged for them to be revalued by independent professional valuers and the results will be available by January 31, 1979.

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Matt. Clark profits dip

ALTHOUGH interim profits from Matthew Clark and Sons (Holdings) have shown a slight reduction the directors are expecting the year's figure to be very similar to the £2m. achieved in the year ended April 30, 1977.

For the eight months ended December 31, 1977, turnover was up from £32.13m. to £34.43m. net of duty, but profit before tax fell £57,000 to £1.51m. There is £402,000 (£375,000) minority interest on one subsidiary.

The interim dividend is stepped up from 1.5p to 1.6p net per 25p share. The final for last year was 3.69p.

The company's business is that of wine and spirit shippers and merchants, and British wine makers.

Nu-Swift drops to £0.91m.

OUTSIDE INDUSTRIAL action coupled with a downturn in interest rates resulted in a decline in pre-tax profits of Nu-Swift Industries from £928,549 to £908,009 for 1977. Turnover was higher at £8.99m. compared with £7.71m.

When announcing first-half profits of £514,000 (£481,000), the directors said that the company, which makes fire extinguishers and extinguishing agents, was well-placed to achieve a surplus of over £1m. for the year provided it did not encounter any material adverse trading conditions.

Tax for the year took £487,282 (£483,962) leaving stated earnings down from 4.84p to 4.54p per 5p share. A second interim dividend of 0.906p net makes a maximum permitted 1.586p (1.4025p) total—the directors forecast a maintained interim for the current year.

Near £5m. rise for BTR

FOLLOWING the recent disclosure that Dunford and Elliott missed its bid-time profit forecast by a wide margin another takeover battle profits controversy emerged yesterday.

This time BTR, the shock absorber concern which took over Andre Silentbloc last year, is claiming that Silentbloc's results were "seriously inadequate." Silentbloc's interim statement stated that it had made profits of £527,000 for the six months to end-March 1977. But now BTR says it only contributed around £400,000 for the full year. BTR says "appropriate action" is being taken, but Barclays Merchant Bank, the Silentbloc advisers, said last night that they had received no notice of any complaint.

In the year 1977 sales of BTR rose from £212.4m. to £240.8m. despite adverse exchange fluctuations of £10m. compared with exchange additions of £22.9m. last time. Pre-tax profits were ahead from £34.2m. to £39m. after exchange losses of £1.1m. (credit £2.2m.) and merger costs of £0.7m. (£0.4m.).

	1977	1976
	£m.	£m.
Sales	240.8	212.4
Europe	125.4	121.0
Americas	34.9	31.5
Rest of the World	51.4	49.9
Andre Silentbloc	29.1	—
Exchange loss	10.0	†22.9
Profit before tax	39.0	34.2
Europe	30.1	14.5
Americas	6.0	1.1
Rest of the World	4.4	4.6
Andre Silentbloc	0.3	—
Exchange losses	1.1	†2.2
Merger costs	0.7	0.4
Tax	18.1	9.5
Minorities	1.2	1.7
Earnings	17.7	13.0
Extraordinary items	0.7	1.1

† Gains.

Full year earnings are shown at 33.4p (28.1p adjusted) per 25p share on capital increased by the £12m. rights issue last March. The final dividend is 4.82p net for a 9.24p (6.5p) total which has Treasury consent. A one-for-ten scrip issue is also proposed.

The treatment of tax has been varied from past years by adopting ED19. Comparative figures have been adjusted.

Audited results of the recently acquired Allied Polymer Group for 1977, which have not been consolidated are—sales £70.3m. pre-tax profits £1.5m. and earnings £1.2m. After deducting notional interest, the consolidation of these results would increase BTR earnings per share by 1.8p.

The results include the audited accounts of Andre Silentbloc which cover a period of 15 months to end 1977. These have been consolidated for the 12 months to that date apportioned on a time basis after charging notional interest.

The directors say that Andre Silentbloc's results were surprisingly inadequate particularly in view of the half-year profits and accompanying favourable comments put forward at the time of the BTR bid. Appropriate action has been taken.

In an uncertain economic world climate BTR continued to thrive and to broaden its base for further growth, members are told. The general improvement in operating results was achieved despite the adverse swing due to exchange rate fluctuations and without a matching benefit from the March rights issue until after the year-end.

An encouraging start has been made in 1978 with sales and orders at higher levels than the previous year.

Mr. Owen Green, the managing director says, however, that the group has no regrets over the takeover of Andre Silentbloc as the directors believe the ultimate potential will be obtained.

"We have got to grips with the situation," he states.

See Lex

ICI's inflation accounting

IN THEIR annual report, the directors of Imperial Chemical Industries say they have developed their own method of calculating the gearing adjustment for current cost accounts, believing that it is more relevant for management accounting and that it produces a more realistic measure of after-tax profits attributable to Ordinary holders. They point out that the method results in lower pre-tax profits than the Accounting Standards Committee's proposals.

The group's CCA statement shows trading profit at £552m. (£519m.) historical, less additional depreciation £182m. (£128m.); cost of sales adjustment for stocks £57m. (£67m.); and erosion of trade debtors less creditors £12m. (£49m.), leaving CCA trading profits at £301m. (£275m.).

Pre-tax profits are shown at £261m. (£238m.) compared with £483m. (£540m.) historical. After tax less grants of £142m. (£113m.); gearing adjustment of £59m. (£126m.); exchange gains on financial items of £27m. (losses £94m.); and minorities of £15m. (£18m.), the applicable profit before extraordinary items is given as £190m. (£139m.).

Earnings on a CCA basis are shown as 33.8p (26p) per £1 share compared with 45.4p (54.4p) historical.

CCA average assets employed were £6.19bn. (£5.45bn.) and profit before loan interest, tax and grants as a percentage of average assets employed was 5.6 (5.7) per cent.

ICI believes that the erosion by inflation of trade debtors less trade creditors, based on movements in prices of sales and purchases, should be charged to trading profit in the management accounts, in addition to the depreciation and cost of sales adjustments. This method differs from the simple approach suggested by the Accounting Standards Committee.

The gearing adjustment represents the total holding gains less losses for the year on assets effectively financed by net non-trading monetary liabilities (mainly borrowings less cash). The exchange gains or losses on the non-sterling part of these liabilities are then added to or deducted from the adjustment. Again, this method differs from the approach suggested by the Accounting Standards Committee.

The statement does not deal with extraordinary items, the CCA treatment of which is still under review.

Profit after taxation and grants of £125m. for 1976 differs from the figure of £210m. indicated in the 1976 directors' report, principally because of the charge for erosion of trade debtors less creditors and a change in the basis for adjusting taxation less grants.

An analysis by activity of sales—£4.14bn. (£4.66bn.), and historical trading profits shows: agriculture £848m. (£845m.) and £139m. (£103m.); fibres £398m. (£422m.) and loss £16m. (£11m.); general chemicals £858m. (£738m.) and £146m. (£138m.); industrial explosives £203m. (£173m.) and £24m. (£22m.); metals and engineering products £411m. (£427m.) and £33m. (£31m.); organic chemicals £320m. (£451m.) and £55m. (£93m.); paints and building services £409m. (£363m.) and £15m. (£6m.); petrochemicals £768m. (£674m.) and £44m. (£74m); pharmaceuticals £245m. (£199m.) and £46m. (£34m.); plastics £602m. (£538m.) and £50m. (£42m.); and miscellaneous £83m. (£73m.) and loss £4m. (£1m.). Interclass sales came to £662m. (£568m.) and royalty income added £22m. (£20m.).

A territorial analysis of sales and trading profits shows: U.K. £2,908m. (£2,538m.) including £1,041m. (£918m.) exports and £406m. (£390m.); continental Western Europe £790m. (£673m.) and loss £3m. (£7m.); the Americas £726m. (£665m.) and £43m. (£35m.); Australasia £502m. (£435m.) and £45m. (£33m.); Indian sub-continent £125m. (same) and £17m. (£16m.); and other countries £217m. (£184m.) and £22m. (same). Inter-territory sales came to £545m. (£475m.), and royalty income added £22m. (£20m.).

There was an increase in net liquid resources of £83m. (£273m.) at the year end.

MINING NEWS

Steady profits growth at Union Corporation

BY PAUL CHEESERIGHT

UNION CORPORATION, the South African mining finance house in the General Mining group, yesterday announced a modest increase in the final dividend on the back of a 9.8 per cent. rise in net profits for 1977.

The final dividend at 26 cents (15.47p) is 2 cents higher than the 1976 final and brings the total payments for last year to 38 cents compared with 36 cents in 1976. Earnings per share were 62 cents against 55 cents.

Net profits last year were R55.89m. (£33.26m.), compared with R50.9m. in 1976, when the pattern of the group's figures changed as a number of associated industrial companies became partly owned subsidiaries.

The increase in net profits came because of higher operating revenue, largely from industrial interests, suggesting that the companies had some success in cutting costs and improving efficiency, as Mr. R. Pavitt, the chairman, said they would have to do if income was to be maintained.

Investment income, on the other hand, declined, reflecting the uneven performance of the group's gold mines. Although dividend payments from Kinross and Winkelhaak were higher, those from Bracken, Leslie and St. Helena were lower.

	1977 R000	1976 R000
Operating income	71,560	66,251
Investments income	21,654	24,691
Realised on investts.	2,324	1,207
Making	95,538	92,140
Exploration expenditure	3,879	5,892
Interest paid	16,420	14,926
Profit before tax	75,239	71,331
Tax	19,340	20,420
Profit after tax	55,899	50,911
Outside shareholders	18,152	17,608
Attributable	37,747	33,303
Earnings per share (cents)	62	55

Grootvlei and Marievale also made higher payments last year *than in 1976. Mining at Marievale* will probably stop in the last quarter of this year, Mr. L. W. P. van den Bosch, the chairman, says in his annual statement, published to-day. But treatment of the surface rock dump could continue until March, 1980.

Mr. van den Bosch states that Grootvlei will continue production for two-and-a-half years on the basis of present price and cost conditions.

In London yesterday, Union Corporation shares were 4p higher at 284p while Grootvlei were 152p and Marievale were 87p.

HIGH DIVIDEND FROM TRONOH

The Malaysian tin producer, *Tronoh Mines, yesterday capped* a successful financial year with the declaration of a second interim dividend of 34.8 cents (7.68p), net of Malaysian tax, to bring the distribution for 1977 to 52.8 cents.

In 1976 it paid one dividend of 8.9 cents, net of U.K. tax, and another of 15 cents, net of Malaysian tax.

Net profits in 1977 were M$10.9m. (£2.4m.), sharply increased from net income in 1976 of M$4.07m., as Tronoh took advantage of high market prices on a slightly increased production. The shares yesterday in London were 2p higher at 177p.

CVRD proposes tin consortium

BRAZIL'S MINERAL conglomerate, Companhia do Vale do Rio Doce (CVRD), is about to pioneer a system which could have far-reaching effects on the country's mining operations, reports Diana Smith from Rio de Janeiro.

CVRD is proposing that a consortium be set up to mine and market the concentrates. Brazilian production is now about 6,000 tonnes a year.

Deposits in three areas—Roraima, Para, and Goias—are the targets of the proposed consortium and the goal is an annual production within five years of 25,000 tonnes.

CVRD's idea is to set up a pool of private mining companies, with a centralised marketing system, joint planning, research and development, and access to the latest equipment—all geared to large-scale production at low cost.

With a current tin shortage of 30,000 tonnes on the world market and high market prices, Brazilian mining experts feel it is time to make an all-out drive to rationalise and modernise production, meeting the demands of the home market and making a profit on the export of excess production.

Furthermore, if the consortium is successful, it could lead to similar enterprises for other minerals—an ideal solution, experts feel, for a developing country with substantial mineral reserves which would like to keep the exploitation of these reserves in national hands.

At the moment, individual Brazilian companies are short of funds and of know-how. Therefore, a consortium under the aegis *of the powerful CVRD would give* them a new lease on life.

UMAL's mixed prospects

Prospects for the current year are mixed at Utah Mining Australia (UMAL), *according to the* annual report, released yesterday. The directors stated that future growth depends on the recovery of steel industry production. But so far there has been no sign of this happening.

On the other hand, the directors pointed out that UMAL's earnings from its direct interest in Queensland coking coal projects will accrue for the whole of this year compared with only 8½ months in 1977.

UMAL is the company vehicle for Australian investment in the U.S. coal company, Utah Development, which earned more net profits in 1977 at $A158.3m. (£93.2m.) net than any Australian group has ever done. UMAL's stake is 10.8 per cent. It has also a direct 4 per cent. interest in Central Queensland Coal Associates, in which Utah Development is the dominant partner.

The annual report said that last year the rate of growth in earnings in which UMAL participated slowed down last year. Shipments of coal from Queensland were impeded and development was held back by industrial disputes.

In this respect the current year has not started well. Utah Development is in dispute with the unions about wage claims and striking miners have been considering a link with port workers and seamen to halt coal operations.

Utah last year paid dividends of 15 cents on capital enlarged from 1976 when the total payment was 11 cents. The shares yesterday were 240p.

MINING BRIEFS

ANGLO AMERICAN CORPORATION—Coal division sales output for February (figures in metric tons). Republic of South Africa: Bituminous: Amalgamated (Cornelia) 277,308, Anglo Power (Arnot) 487,123, (Kriel) 278,681, Bleshok 39,811, Coronation (Bank) 132,983, New Largo 85,781, SA Coal Estates 232,624, Springbok 177,585, Springfield 282,641, Vryheid Coronation (coal) 19,789, (coke) 39,839, Vierfontein 122,024, Zululand Natal's Indument Colliery 30,193. Anthracite: Balgray Collieries 19,018, Natal Anthracite 80,893, Wankie Colliery (coal) 152,137, (coke) 13,832, Swaziland Collieries' Mpaka Mine 18,328, Morupule Colliery 20,628. Group total 2,307,184.

OIL AND GAS NEWS

BP has drilling success in Santos Basin

BRITISH PETROLEUM appears to have found oil in the Santos Basin offshore of Brazil. Petrobras, the Brazilian state oil corporation, has announced that well 1-SPS-9 indicated the presence of hydrocarbons at a depth of around 4,850 metres. BP plans to continue drilling to a total depth of at least 5,000 metres.

The economic significance of the discovery will not be known until the well has been completed and further wells have been drilled in the area. This is the first successful exploration effort in the Sanos basin; between 1973 and 1974 Petrobras made five exploratory drillings without positive results.

Alyeska Pipeline Service Company said that it had recomissioned its number eight pump station on the trans-Alaska pipeline. The pump and turbine building was destroyed by an explosion and fire on July 8 during the commissioning process. As a result of the station's return to service, the throughput of the line can now be increased from 730,000 barrels a day to 1.2m. b/d.

* * *

Oil companies have discovered about 15bn. barrels of oil and liquids and 74 trillions (million millions) cubic feet of natural gas in Alberta and hydrocarbon deposits about one-third as big still remain to be found, according to Mr. David Smith, vice-president, Exploration, of Shell Canada Resources. He added that the deposits yet to be discovered would probably include a higher percentage of natural gas than oil.

* * *

Further deposits of oil and gas have been found by Exxon Production Malaysia in its contract area, off the coast of Trengganu, in the South China Sea.

Encouraging quantities of oil and gas have been encountered during the drilling of the Tiong No. 1 exploratory well which was completed on February 22 by the drillship Wodeco VII. Tiong No. 1 is the third successful exploration well that has been drilled by Exxon in its peninsular Malaysia contract area since 1976.

L & G Unit tops £3m. in premiums

By Eric Short

Legal and General Unit Assurance Society, the unit-linked life company in the Legal and General group, has taken more than £3m. in premiums in the first three months of its operation. This was revealed by the company in its first investment bulletin issued yesterday by the company.

Legal and General was one of the long established traditional life companies which last year entered the unit-linked life assurance field. At the time of launch the group emphasised its belief in the potential of this market and its determination to be a leader in this field. This announcement would indicate that the company has got off to a good start in achieving this aim.

Most of this money came from single premium business—the equity fund at the end of January amounted to £1.1m., the fixed interest fund £0.8m., the property fund £0.5m. and the managed fund £1.3m. The size of investment in equities is rather more than the market average; many linked life companies are reporting very little investment in their equity funds.

The property fund has not yet invested in any properties, and the bulletin states that the money has so far been invested in certificates of deposit. *But it is* considered that the fund is now large enough to invest in property and it is expected to announce the first purchase shortly.

Mann Egerton to repay debenture

In a move which suggests further acquisitions might be on the way, Mann Egerton, the wholly owned subsidiary of Inchcape, is proposing to repay its 6¾ per cent. debenture stock 1981-86 at £94 for every £100.

The reason given is that the trust deed is considered "unduly restrictive" now that the company is part of Inchcape. This did not matter previousy but Mann Egerton bought Lighting and Leisure Industries in 1977 "in order to broaden its industrial activities."

It is against the background of "growth by acquisition," says chairman Mr. J. W. D. Campbell, that the directors wish to repay the stock.

MONEY MARKET

Small assistance

Bank of England Minimum Lending Rate 6½ per cent. (since January 6, 1978)

Day-to-day credit remained in slightly short supply in the London money market yesterday. The authorities gave a small amount of assistance by buying Treasury bills and local authority bills from the discount houses, and this was probably enough to take out the full shortage.

Banks brought forward run-down balances, and the market was also faced with a substantial net Treasury bill take-up to finance. These factors slightly outweighed a substantial excess of Government disbursements over revenue payments to the Exchequer, and a slight fall in the note circulation.

Discount houses paid 5¾-6 per cent. for secured call loans in the early part, and closing balances were taken at 4-4½ per cent.

In the interbank market overnight loans opened at 5¾-6 per cent., and stood at 6¼-6½ per cent. at lunch time, but fell to around 4½ per cent. at the close.

Rates in the table below are nominal in some cases.

Mar. 8 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	4⅛-6⅛	—	—	—	6	4-6	—	—	—
2 days notice	—	—	6-6½	—	—	—		—	—	—
7 days or	—	—	—	—			—			
7 days notice	—	6⅛-6¼	6-6½	—	6¼-6½	6⅛	5¾-6	—	—	—
One month	6⅜-6¼	6¼-6⅛	6¼-6½	6⅝-6¾	6½-6⅝	6⅛-6⅜	5⅞	5⅞-5²⁷⁄₃₂	6⅜	7-7⅛
Two months	6⅜-6⅛	6¼-6⅜	—	6½-6¼	6⅝	—	6	5⅞	6⅝	7-7⅛
Three months	6⅞-6¾	6⅞-7⅛	6⅞	6¾-6½	7-7¼	7⅛-7⅛	6¼	5⅝-6	6⅞-6⅝	7⅛
Six months	7⅛-7⅛	7⅛-7⅛	7⅛	7⅛-6⅞	7⅛-7¾	—	—	—	7¼	7⅜
Nine months	7⅞-7⅝	7¼-8⅛	—	7¾-7½	8-8¼	—	—	—	—	—
One year	8-7½	8⅛-8⅛	8½	8-7⅞	8½	—	—	—	—	—
Two years	—	—	9½-9¼	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rate nominally three years 10¼ per cent.; four years 10½-10¾ per cent.; five years 10¾-11 per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 6¾ per cent.; four-month trade bills 7½ per cent.

Approximate selling rates for one-month Treasury bills 5[illegible] per cent.; two-month 5⅞ per cent.; and three-month 5[illegible] per cent. Approximate selling rate for one-month bank bills 6⅛ per cent.; two-month 6⅜ per cent.; and three-month 6[illegible] per cent. One-month trade bills 6¾-7 per cent.; two-month 6¾-7 per cent.; and also three-month 7 per cent.

Finance House Base Rates (published by the Finance Houses Association) 7 per cent. from March 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice): 4 per cent. Clearing Bank Rates for lending 6½ per cent. Treasury Bills: Average tender rates of discount 5.8098 per cent.

Barrow Hepburn falls £0.22m.

HIT BY the £1.22m. loss of associate company British Tanners Products, pre-tax profits of Barrow Hepburn Group for 1977 fell £0.22m. to £3.19m. This followed a *forecast* at the beginning of the year of a further improvement in profits, and an advance from £1.35m. to £1.63m. at midway.

Turnover for the 12 months fell £4.1m. to £114.33m. but trading profit rose from £4.33m. to £5.13m. The tax charge was £1.74m. against £1.87m., *for stated earnings* per 25p share of 6.9p (7.4p) and the net final dividend is 2.299p *for* a 3.674p (3.2456p) total.

	1977 £000	1976 £000
Turnover	114,325	118,437
Trading profit	5,126	4,328
British Tanners loss	1,222	—
Other associates profits	352	354
Investment income	42	39
Loan capital interest	1,002	925
Exchange losses	104	307
Exceptional debits	41	84
Profit before tax	3,190	3,413
Tax	1,736	1,874
Minority profits	15	11
Attributable	1,438	1,528
Pref. dividends	77	77
Ordinary dividends	796	821

*In addition £1.9m. was trans*ferred from reserves for write-down in connection with the value of assets transferred to form British Tanners Products and costs arising from the reorganisation of the group's other U.K. leather interests. The accounts of one subsidiary in the leather division in the course of closure have not been consolidated. A £454,000 provision, net of tax, has been made for the estimated loss of this subsidiary, including the cost of closure.

● comment

The preliminary statement from Barrow Hepburn Group highlights the costs of the partial extrication (thanks to the NEB) from the ailing tannery business, but its remaining exposure is now limited. The group *retains an* investment of £1m. of equity and 2m. of loan stock in BTP, the tannery company, and although further losses seem inevitable in the current year during streamlining operations, it is unlikely that in any event Barrow will consolidate losses greater than its remaining £1m. equity stake. In fact there are hopes that BTP will move into profits in 1979, a[s] meanwhile prospects for [the] remainder of the Barrow gro[up] are said to be *bright. Sterling w*[as] unhelpful last year, with so[me] two-thirds of trading profits a[ris]ing abroad, and the Chemic[al] side should resume growth af[ter] a bad time in France during 19[77]. But with the shares on a yield [of] 13.3 per cent. at 44p the mark[et] is still taking a cautious stance.

Aaronson spending paying off

The increase in turnover fr[om] £21.37m. to £27.61m. achieved [in] 1976/77 by Aaronson Bros. w[as] mainly due to greater output [from] the group's factories being [a] direct result of the major capi[tal] expenditure programme over [the] last few years.

During the year the group [has] disposed of two small fact[ory] sites, as part of its rationalisat[ion] policy, and since September 1977 has sold or let the major [part] of the Rickmansworth fact[ory] site. The *availability of this* [site] arose through the reorganisat[ion] of the group's factories and [the] move of offices to Long La[ne,] E.C., which have now been sa[tis]factorily completed.

Contracts placed for cap[ital] expenditure at the year-end [had] a value of £919,000 (£79,000) [and] a further £61,000 (£109,000) [was] authorised but uncontracted.

In line with previously es[tab]lished policy the group has [this] year written down goodwill a[ris]ing on consolidation by £250,[000] to £1.46m. It is proposed to wr[ite] off the balance over the next [few] years.

On trading the directors [say] they are confident of a sa[tis]factory outcome for the curr[ent] year. Although trading conditi[ons] at the beginning of the year w[ere] *still difficult they have* s[ub]sequently improved.

In the year ended Septem[ber] 30, 1977 group pre-tax pr[ofits] increased from £2.36m. to £2.8[...]

Wm. Whittingham set for improvement

HITTING a confident keynote in his annual statement, Mr. John Wardle, chairman of William Whittingham (Holdings), tells members that he will be disappointed if results for the current year do not exced those reported for the year to October 31, 1977, when the pre-tax *profit was* £480,697 compared with £491,678. However, he says that the extent of the improvement cannot be accurately gauged until later in the year.

House building activities will be profitable and prospects for industrial development are much better. Although photographic processing is not an easy industry, steps have been taken to increase the spread *of customers* and the present trend is encouraging.

The balance sheet shows that secured borrowings have been reduced from £7.03m. to £4.41m. and at the same time cash and bank balances have increased £233,202. At the present time, says the chairman, the company has "substantial" unused facilities and is in a position, which has *not* been the case for some years, to take advantage of opportunities as they occur without considering whether or not funds are av[ail]able.

Overall stock and work in p[ro]gress has shown a reduction [of] around £226,000. This is not [be]cause of a reduced level [of] activity at October 1977, expla[ins] Mr. Wardle, but because, a[s a] result of the depressed conditi[ons] obtaining a year earlier, work [in] progress at that time was at [an] unacceptable high level. La[nd] for development has shown [a] reduction but does not repres[ent] a serious erosion of the grou[p's] *affective* land bank. Certain s[ites] were sold which were bought [at] the height of the boom and w[ere] in the directors view not in [the] company's best interests [to] develop.

As at February 10, 19[78] Hambros Bank Nominees h[eld] 20.27 per cent. of the compa[ny,] Scottish Amicable Life Assura[nce] Society 8.65 per cent., Barcl[ays] Nominees 8.41 per cent., ITC P[en]sion Trust and Pension Inv[est]ments 7.02 per cent., Estate [of] W. T. Whittingham 6.24 per c[ent.] and W. W. Hawkins and anot[her] 5.13 per cent.

The AGM of the company [will] be held in Birmingham, [on] March 29, at noon.

هكذا من الأصل

Barratt Developments at £4.09m. so far

TURNOVER for the half-year to end 1977 of Barratt Developments rose from £45.76m. to £54.15m. and, with land sales contributing £49,000 against £206,000, profits advanced from £3.84m. to £4.09m. subject to lower tax of £537,000 compared with £1,986,000.

The interim dividend is 2.64p net per 10p share against 2.4p and in the absence of unforeseen circumstances a total of 8.0575659p (7.3250599p) will be paid for the year. Profits for all 1976-77 came to £7.3m.

As forecast in the November rights issue, the recent upturn in the private housebuilding sector has only affected results to a minor degree. However margins have continued to recover from the low point reached during the second half of last year and can be expected to work through during the second half of this year.

The excellent land bank, coupled with strong forward sales and supported by a sound financial position will enable the group to consolidate further its position as Britain's major private housebuilder, says Mr. L. A. Barratt, the chairman.

The gradually improving climate in contracting will also assist the group while its involvement in commercial development continues to make satisfactory progress, he adds.

The recent acquisition of James Harrison Holdings is not reflected in the results but the full year's results will incorporate 12 month's figures of that company. The shares to be issued in respect thereof will be eligible for a full year's dividend.

The offer for Harrison has become unconditional.

Acceptances have been received in respect of 4,989,829 shares which represent 96.5 per cent. of the capital. Acceptors in respect of 71,742 shares have elected for the cash alternative, which is no longer available. The offer remains open.

● comment

Industry completions in the private housebuilding sector showed a 6 per cent. decline during the last half of 1977. Barratt Developments managed to push its own completions up by nearly 8 per cent. during that period, the first half of its current year, to 4,170 units. So perhaps the group is increasing its market share. More likely it is the change in the group's marketing policy which is beginning to pay off. The stock of unsold houses is being run down, and the group has shortened the length of time that units are sold ahead of completion. As a result a waiting list has built up, where none existed in the previous first half. Prices on an average unit have risen a tenth to £11,000 while costs increases are now running at under 10 per cent. Margins have duly improved from their low point of 6.8 per cent. in the second half to 7.4 per cent. in the current first half at the pre-tax level, ex land sales. Barratt has a relatively small land bank compared to the sector around three years life. Replacement land has become costly and the group's overdraft has risen by over 25 per cent. to £24.5m., although that reduces by £4.38m. with last November's rights cash. But the group is on target for a £9.7m. outturn for the full year, before including a first time contribution of around £800,000 from James Harrison. At 108p the shares yield 11.5 per cent. and stand on a prospective p/e of 6.8 fully taxed on average capital or 3.7 on a 13 per cent. tax charge.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims: AAH, Frederick Cooper, Galliford Brindley, Hunt and Moscrop (Middleton), Jarvis (J.), Medminster, Park Place Investments, Stocklake Holdings, West of England Trust.

Finals: Corah, Derek Crouch (Contractors), Davies and Metcalfe, Harris and Sheldon, Alexander Howden, Lex Service Group, Needlers, New Equipment, Newey Group, Peachey Property, Refuge Assurance, Royal Dutch Petroleum, W. N. Sharpe, Shell Transport and Trading, Tavener Rutledge, Transport Development, Waverley Cameron, Yule Catto.

FUTURE DATES

Interims—	
Sime Darby	March 16
Finals—	
Bonser Engineering	March 13
East Lancashire Paper	March 14
Globe and Phoenix Gold Mining	March 14
Grindlays Holdings	March 14
Hall Engineering	March 17
Thomas Robinson	March 15
Williams and James Engineering	March 23
Willis Faber	March 20

Temple Bar sees marginal rise

It is anticipated that the earnings of Temple Bar Investment Trust, now merged with Telephone and General Trust, will be slightly higher in the current year, Mr. Alistair Roger, the chairman, tells members.

Also, even if holders of substantial amounts of convertible unsecured loan stocks opt to convert, the company will at least be able to maintain the total dividend at the equivalent of 9.5p on existing capital, or 4.75p if the proposed one-for-one scrip issue is effected.

Contrary to the intention expressed in the documents at the time of the merger in August 1977, the accounts for 1977 include figures for both companies for the full year. This presentation gives a more realistic and comparable view of the results and enables members to see the benefits of the merger, the chairman says.

The accounts show that on gross revenue of £2.49m. (£2.26m.) taxable earnings for the year advanced to £2.21m. (£1.98m.)—as reported on March 2. The net dividend was stepped up to 9.5p (8.5p) per 25p share.

Liquidity at year end was down £1.19m. (up £0.17m.) with bank balances and money at call lower at £388,477 (£552,899).

Of total investments of £36.24m. (£27.12m.) at valuation, the percentage invested in the U.K. was increased to 89.42 (83.4) while in North America the percentage was reduced to 8.45 (14.35) and elsewhere to 2.13 (2.25).

The year was one of rationalisation and consolidation in anticipation of the merger. The directors principal object is to remain predominantly invested in high-yielding U.K. listed equities.

The aim is to gradually reduce the percentage of assets represented by companies with large market capitalisations in favour of building up holdings in medium-sized and, in some cases, under £20m. capitalised concerns where an even higher initial yield should be obtained, Mr. Roger explains.

Already, of the U.K. equity holdings 46 per cent. by value is now held in companies with market capitalisations of over £100m. compared with 50 per cent. last year, while 12 per cent. (10 per cent.) is in the £15m. to £30m. bracket and 22 per cent. (20 per cent.) in the £30m. to £100m. bracket.

An increase in authorised capital from £4.95m. to £10m. is proposed.

Meeting, Electra House, Temple Place, on March 30 at 11 a.m.

Crusader lifts bonus

The Crusader Insurance Company, a member of the Bowring group, has increased substantially its reversionary bonus rates for 1977 again to record levels. On whole life contracts the new rate is £4.70 per cent. of the sum assured and attaching bonuses compared with £4.50 per cent. in 1976. For endowment assurances the new rate is £4.50 per cent. compound against £4.30 per cent. previously.

However, the company has kept the terminal rate, paid on death and maturity claims, at £1 per cent. of sum assured and attaching bonuses for each year in force, the tenth year in which such a rate has been declared. In this respect the company's policy differs from that of most other life companies in that its aim is to keep the terminal bonus stable.

The company has also made substantial increases in bonus rates for its self-employed pensions contracts. On its series 1 policies that rate is lifted to £5 per cent. of the guaranteed benefit and accrued bonus pension from £4.80 per cent. in 1976 and to £4.80 per cent. compound from £4.50 per cent. on series 2 contracts.

The terminal bonus rate for both series has been fixed at £1 per cent. of the pension and accrues bonuses for each complete policy year, together with a variable bonus based on immediate annuity rates at the time of vesting. In doing so the company has brought the terminal bonus previously applicable to series 2 to relate to all self-employed pension contracts.

EDINBURGH TST.

Edinburgh Investment Trust repaid a Euro-currency loan of $5m. on March 6.

BIDS AND DEALS

Beecham expanding in North America

BY KEVIN DONE, CHEMICALS CORRESPONDENT

Beecham is planning to take over the North American veterinary and animal health business of Rohm and Haas, the U.S. chemical company, along with the assets of this business in the U.K., continental Europe and Australia.

The move is in line with the pharmaceutical strategy formulated recently by the National Economic Development Council's sector working party, which is seeking to stimulate U.K. drug industry activity in the animal health sector.

The purchase price is $18.5m. (£9.5m.) to be paid in cash from Beecham's own resources. Agreement in principle has been reached by the two companies and completion is expected by the end of the month, subject to approval by the exchange control authorities.

Sales of the business last year were about $16.7m. (£8.6m.), but it incurred a pre-tax loss of about $760,000 (£392,000).

Beecham said yesterday that it believes the business can be returned to profitability within the first 12 months of ownership, primarily by rationalising the product range and by exploiting the company's potential in international markets.

Last year more than three-quarters of the total sales were in the U.S. The North American operations, which include factories at Meyerstown, Pennsylvania, and White Hall, Illinois, will be taken over by Beecham Laboratories, which is responsible for Beecham's pharmaceutical operations in the U.S. This subsidiary already has a profitable veterinary business.

The European operations will be taken over by Beecham Animal Health.

CLARKE CHAPMAN AFRICAN MERGER

The African arms of Clarke Chapman, the boiler making company that now forms part of Northern Engineering, and of International Combustion (Holdings) are to be merged following NEI's bid for ICH. The merged company will be owned by a new company Northern Engineering Investments Africa.

Terms are five NEIA 50 cents shares for every ten CCA ordinary; nine NEIA shares for every ten ICA shares; one NEIA 8½ per cent. convertible redeemable cumulative preference share of R1 for each CCA 8½ per cent. preference share. NEIA Preference shares will be convertible on basis of 37 Ordinary in NEIA for every 100 Preference shares on August 25, 1978 and/or May 25 1979.

It is proposed that CCA 5½ per cent. Preference shares be converted into redeemable shares and redeemed at R1.20 per share. Dividends are forecast equal to 28 cents per NEIA Ordinary for 1978. CCA would pay an interim of 5 cents and ICA 9 cents and NEIA would pay a final of 18 cents. These are equal to 28 cents per NEIA on basis of merger terms.

JOHNSON-STEPHENS ACCEPTS SIMON

Simon Engineering has agreed terms for the take over of Gloucester-based engineers Gordon Johnson-Stephens with both the Board of GJS and with West of England Trust, the principal shareholder which holds 42 per cent. of the capital. Shareholders accounting for 64.2 per cent. of the GJS equity have irrevocably undertaken to accept 24p cash per share—terms which value the whole of GJS at £1.6m.

As part of the deal, West of England Trust has agreed to buy three subsidiaries of GJS, Matthias Spencer and Sons, Woodberry Chillcott and John Vessey and Sons. According to a spokesman for Simon, they have been excluded from the deal because they are not engaged in food processing, the major part of the GJS business.

The latest deal, which follows the first news of the bid from Simon last month, effectively puts paid to speculation that another rival bidder may be prepared to enter the scene.

The GJS share quotation has been suspended since last August, when it was announced that "material inaccuracies" had been discovered in previous years' accounts. However, a spokesman for Simon said that the group did not feel that it was "taking on any unknown problems."

Proposals will be put to the holders of the £149,781 15 per cent. convertible unsecured Loan stock 1980-84 and the $700,000 10¼ per cent. convertible unsecured Loan stock 1979 of GJS for their repayment at par in the event of the offer becoming unconditional.

LDN. SUMATRA ACCEPTANCES

MacLeod Sipef has received acceptances from about one-seventeenth of the uncommitted shareholders of London Sumatra.

These holders are thought to own just under 2 per cent. of the total Ordinary capital, while friends of MacLeod Sipef own 23.7 per cent. A spokesman for MacLeod Sipef said that the response was "quite encouraging."

Normally when the Board opposed a bid the acceptances were even lower, he said, and in this case shareholders knew that a further bid might be in the offing. The number of accepting shareholders was about 650 and the offer is being extended until March 21 "so that shareholders may have the opportunity to receive and consider the valuation and other information which the chairman of London Sumatra has stated will be available."

The official figure of 24.8 per cent. acceptances was affected by the late submission of an acceptance by one of MacLeod Sipef's concert parties.

Meanwhile, MacLeod Sipef also announced yesterday that voting on the yellow card was running at 40 to one in favour of the London Sumatra Board offering more information. Yellow cards for the purpose of voting on this point were issued by MacLeod Sipef last week. So far over 700 shareholders have made use of it.

COMET/WIGFALL

Comet Radiovision's offer for Henry Wigfall has been accepted by holders of 12 per cent. of the Ordinary capital. Prior to the offer, Comet held 1.8 per cent. Comet yesterday sent to Wigfall shareholders details of its increase and final offer which has already been turned down by the Board.

Pension funds consider True Temper report

A committee of the National Association of Pension Funds attended a series of meetings throughout yesterday to consider a detailed report on True Temper, the U.S. garden tools company which Wilkinson Match is proposing to buy from Allegheny Ludlum. Further discussions on the report, which has been prepared by a team from merchant bankers Hill Samuel following a NAPF-sponsored trip to North America, are expected to resume to-day. A spokesman for one of the pension funds involved said that a statement could be expected to follow later.

The contents of the Hill Samuel report remain a secret, though the length of the meetings appears to indicate that the way to proceed is not altogether clear.

The controversy over the deal centres on the number of shares that Wilkinson is proposing to issue in exchange for True Temper which will give Allegheny a 44.43 per cent. holding in the U.K. group. Allegheny, which already holds 29 per cent. of Wilkinson, and Swedish Match which retains a 3.9 per cent. holding, have already said that they will not be voting on the proposals. The institutional vote, which collectively amounts to around 30 per cent. of the capital, will therefore be crucial to the deal being passed.

SOMERCEL

Somercel, a company jointly owned by British Vita and L. and J. Hyman, is to buy Hairlok for £476,000 cash. Hairlok manufactures high resilience flexible polyurethane foams and fabricates other foams. It also manufactures hair products.

The principal shareholders in Somercel expects to benefit from improved access to Hairlok's expertise and the opportunity to explore new market opportunities.

Hairlok incurred a pre-tax loss of £67,000 in the nine months to December 31, 1977 compared with £79,000 profit in the year to March 31, 1977. The directors are recommending the offer although the executive directors may be offered the option to buy into Somercel when the takeover is completed. Holders of just under 90 per cent. of Hairlok have irrevocably undertaken to accept.

MYDDLETON HOTELS

Mount Charlotte Investments has bought 50,000 shares in Myddleton Hotels, raising its total stake to 125,000, or around 8.5 per cent. of the capital. A director of Mount Charlotte said yesterday that the investment should be viewed as a "trade investment" and that, at the present stage, it was not the Board's intention to use the holding as either the platform for a take-over bid or to gain Board representation.

BROWN & JACKSON ACQUISITIONS

Brown and Jackson has agreed to purchase Premier Construction for £1.2m. cash, to be paid over three years. Premier produces timber system buildings from premises in Blackburn, Lancashire.

The vendors have warranted that the profits before tax of Premier for each of the years ending September 30, 1978, 1979 and 1980 will be at least £250,000.

Brown and Jackson has also purchased 51 per cent. of the capital of Bernard Pumfrey Group for £426,000. Pumfrey is a construction company operating mainly in the east of England. Its turnover for 1977 was £9,633,394.

Shipstone hits back at Northern Foods

The Board of James Shipstone, the Nottingham brewers, has hit back at the takeover bid for the company from Northern Foods, which it says is "wholly inadequate and cannot be taken seriously."

A defence document issued yesterday, through Kleinwort Benson, Shipstone's financial advisers, forecasts record profits for 1977 and a doubled final dividend of 11.335p, making a total for the 12 months of 14p net per share.

Mr. R. D. Coombe, the chairman, tells shareholders that the Northern Foods offer "can only be seen as an attempt to snatch control from you, the present shareholders, at a ridiculously low price which is at a vast discount on the underlying asset value." The Board has commissioned a revaluation which is expected to reveal "a vast increase in the value of the company's properties."

Shipstone further claims that Northern Foods' comparisons of income contained in its offer document are seriously misleading and that the whole comparison is produced on "an imaginary basis."

The Shipstone directors, who between them own 2.88 per cent. of the company, together with their financial advisers, are advising shareholders to reject the offer on the grounds that the offer "in no way represents the excellent future prospects of your company."

S. A. RICHARDSON

S. A. Richardson, the public but unquoted manufacturer of wood preservatives which fended off a take-over bid from Carless Capel and Leonard in January, has now received a second approach from a "well known public company." A statement issued yesterday says that, subject to the fulfilment of certain conditions, an offer will be forthcoming.

The directors of Richardson, who have direct holdings of around 25 per cent. of the capital, intend to recommend the offer and to recommend other shareholders to do likewise.

GUINNESS PEAT IN BRAZIL

Guinness Mahon and Co., a member of Guinness Peat Group, has acquired, through their wholly-owned Brazilian subsidiary, a substantial interest in Banco Inter Atlantico De Investimento, with offices in Rio De Janeiro and Sao Paulo.

Banco Inter Atlantico is part of the interests of the Espirito Santo banking family group.

The investment is expected to form a base for further development of the Guinness Peat Group's interests in Brazil.

PONTIN'S

Acceptances of the offer by Coral Leisure Group for Pontin's have now been received in respect of 86.22 per cent. of Pontin's capital.

The offer has been extended until March 15. Subject to the stock proposals being approved, as anticipated, at the adjourned meeting of Pontin's to be held on March 15, it is intended by Coral that the offer be declared unconditional immediately thereafter.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Further U.S. takeover by Ciba-Geigy

By John Wicks

ZURICH, March 8.

IN THE latest of a series of U.S. takeovers the Swiss chemical concern, *Ciba-Geigy AG, of Basle*, has agreed with the management and principal shareholders of CX Corporation on the purchase *of the Seattle company's entire* share capital.

CX Corporation is active in the processing of colour photographs and the development and manufacture of photo-finishing equipment and systems.

The product range, technical *know-how and capacity* of the U.S. undertaking is said to "complement perfectly" those of Ciba-Geigy's existing Swiss subsidiary, *Gretag AG, of Regensdorf*, to which it will now be affiliated.

Nomura Index Fund

NOMURA SECURITIES International said it filed with the SEC the Nomura Index Fund of *Japan Incorporated to be comprised* entirely of Japanese common stocks, reports AP-DJ from New York. The fund will be an open-end, no-load investment company but details have not been finalised. The fund is to invest in a portfolio of Japanese stocks based on the composition of an index-called the "Nomura 155 Index." The fund's sponsor, Nomura *Securities* International Inc. is the 95 per cent-owned U.S subsidiary of Nomura Securities of Tokyo.

Williams warns

Williams Companies said its first quarter earnings will be "severely" *hit* by the coal miners strike, AP-DJ reports from Tulsa. "The continuation of the strike will result in a substantial first quarter loss *for* Peabody Holding through which *Williams owns a 37.5 per cent.* interest in Peabody Coal. While the amount of this loss cannot be accurately quantified at this *time." Williams may turn in a* net loss for the quarter despite the continuing strong performance of all other operations, *according to Williams chairman.*

Burlington Northern

Burlington Northern has agreed to acquire Hart Motor Express, of St. Paul, and merge the company into its trucking subsidiary, BN Transport. Terms *were not disclosed*, reports Reuter from St. Paul. Hart had revenues of $10.6m. in 1977, when BN Transport's revenues were $30.5m.

Penney outlook optimistic after record final quarter

NEW YORK, March 8.

RECORD RESULTS for the final quarter have lifted results for *1977 at J. C. Penney, the store* and retailing group, to show a year-end gain of 29 per cent. in earnings to $295m. on sales 12 per cent. higher at $9.37bn.

Earnings for the fourth quarter were 49 per cent. higher at $156m., with sales of $3.154bn. recording a gain of 18 per cent., the best improvement for any comparable period for more than 30 years, according to the company.

The figures disclose a further upsurge after the strong advance reported for the third quarter when earnings were 20 per cent. higher at $74.9m., on sales 12 per cent. higher at $2.36bn.

The last trading report from the stores group, which has branches in Europe as well as throughout the U.S., suggests tha Penney continues to move ahead strongly.

In January, this year, when sales in U.S. stores were badly hit by the savage weather conditions, Penney turned in a 12 per cent. sales gain, compared with gains of only 4 per cent. to 8 per cent. at other major retailing groups.

Commenting on outcome for 1977 the chairman Mr. Donald V. Seibert and the president Mr. *Walter J. Neppl said that J. C.* Penney Stores and Catalogue were the principal contributors to the company's improved performance.

Drug stores and insurance subsidiaries had improved earnings and the loss from the Treasury Stores declined moderately.

Earnings from Belgian operations were slightly under last year's fiscal level, due to increased operating expenses and exchange losses.

During 1977 the company sold its Italian operations and discontinued its supermarket operations, both unprofitable in recent years. The losses incurred in 1977 from these transactions were not material.

The officers said they expect another good year in 1978, with particularly good prospects for *sales and earnings improvements* during the first half. They indicate that inventories have been built up to meet expected consumer demand for late winter and spring merchandise especially with the early easter this year.

Agencies

Sun expects Becton challenge

BY OUR OWN CORRESPONDENT

NEW YORK, March 8.

SUN Company, the thirteenth largest U.S. oil company, said that it is expecting the Securities and Exchange Commission to file a suit challenging its acquisition of 34 per cent. of hospital supplies group Becton, Dickinson.

In what promised to be one of the most unorthodox takeover moves Wall Street has seen for several years, Sun announced in January that it was acquiring 34 per cent. of Becton, Dickinson moving to acquire all the outstanding shares.

The 34 per cent. stake was built up in private transactions with two dozen financial institutions which did not go through the New York Stock Exchange and were not disclosed as required by securities laws in the U.S. relating to tender offers. Sun has denied that its moves were in any way illegal, arguing that they did not constitute a tender offer, a concept which is not clearly defined in U.S. law.

Subsequently, influential Congressmen wrote to the SEC demanding an investigation. Sun Company *said that the SEC* will apparently charge that Sun's private purchases of the Becton, Dickinson stock did constitute a *tender offer* and violated the relevant Federal law, the Williams Act.

Sun said such an action by the SEC would be an abuse of SEC authority since it would represent an attempt by the SEC to write new law rather than "enfor $290m. and considering force existing law."

Reuter reports from Washington: The chairman of the American Stock Exchange, Mr. Arthur Levitt, finds takeovers of small and medium U.S. businesses by foreigners "disturbing... *My information from* investment bankers around the country is that well over 50 per cent. of their acquisition assignments are currently *on behalf of* foreign clients," he told the House Ways and Means Committee.

Atlanta office foreclosure halted

BY JOHN WYLES

NEW YORK, March 8.

FORECLOSURE proceedings have been halted for the time being on the $100m. Omni Inter*national hotel and office complex* in Atlanta, Georgia.

Sale of the complex had been scheduled for yesterday but at the last moment Morgan Guaranty Trust Company, the lead lender for the project, announced that the sale would not go ahead.

Morgan and five other lenders involved in the project are seeking to recover $76.8m. on two mortgage loans and an additional $14m. in interest.

According to the statement which was jointly issued with Omni "negotiations involving *the lenders and the borrower* are continuing with a view to a possible resolution of various issues in connection with the loans."

The 5½ acre development opened in the autumn of 1974.

Omni's senior creditors have advanced about $77.7m. on the project. Morgan Guaranty had $36.7m. outstanding, Continental Illinois National Bank and Trust Company has $16.9m., Citibank $12.8m., *First National* Bank Atlanta $6.9m., First National Bank Chicago $3.8m., and the Ford Foundation $500,000.

U.K. side boosts Woolworth

REPORTING F. W. Woolworth's higher 1977 fourth quarter results Mr. Edward F. Gibbons chairman and chief executive and Mr. W. Robert Harris, president and chief operating officer attributed the 16 per cent. rise in net income to favourable foreign currency movements particularly in the U.K. where operating results in local currency were also improved.

Net earnings for the fourth quarter totalled $69.1m. or $2.34 a share, compared with $59.5m. or $2.03 a share previously. Sales increased from $1.6bn. to $1.7bn. The current income figure includes $17.1m. of equity in the net income of F. W. Woolworth of the U.K., against $1.3m. from the same source in the previous year.

For the full year, net income was $91.9m. or $3.03 a share against $108.2m. or $3.62 a share in 1976. Sales of $5.5m., compared with $5.2m. previously.

The company officers said that in the consolidated companies, although the quarter benefited from generally favourable levels of December business, earnings were dampened somewhat by higher operating costs and Canadian exchange rates.

Foreign currency fluctuations, higher income taxes of Woolworth's German subsidiary and lower operating results for the U.S. Woolworth and Woolco divisions and the Richman Brothers subsidiary were cited *as reasons for the 15 per cent.* decline in earnings for the full 1977 year.

While the weaker Canadian dollar, "was partially offset by the strengthening of the German mark and the English pound sterling, the net effect of currency changes was a reduction of 54 cents per share in reported earnings compared to a decrease of 18 cents a share in 1976."

In the U.S., earnings of Woolworth stores were depressed by losses relating to older units closed during the year and the absorption of higher insurance *and other costs.* Earnings of Woolco stores were affected by first year costs of the new customer credit programme introduced at the start of the year.

AP-DJ

Union Carbide Canada steady

TORONTO, March 8.

UNION CARBIDE, Canada's first quarter earnings are not expected to match the $C3.9m. ($U.S.3.5m.) or 39 cents a share earned in the year ago period, according to Mr. J. S. Dewar, the company president.

First quarter sales will show some improvement over sales of $C93.1m. the previous year but it will not be "significant," he said. Union Carbide Canada, 75 per cent. owned by Union Carbide Corporation is a diversified manufacturer of plastics, chemicals, gases, metals, carbon and related consumer products.

First quarter net income continues to "suffer" from excess supply in plastics and chemicals markets and the fact that "contemplated growth" in Canada's steel output has not yet occured. Start-up costs and additional depreciation from Union Carbide Canada's new 197m. polyethylene plant will also affect earnings in the first quarter and remainder of 1978.

Earnings for 1978 are expected to be "similar" to 1977 net income of $C20.5m. or 1.94 a share.

AP-DJ

AMERICAN QUARTERLIES

BP CANADA

Year	1977 $C	1976 $C
Revenue	737m.	626m.
Net profits	40m.	32m
Net per share	1.81	1.53

CANADIAN VICKERS

Year	1977 $	1976 $
Revenue	61.0m.	48.0m.
Net profits	3.3m.	2.9m.
Net per share	6.09	5.22

CHROMALLOY AMERICAN

Fourth Quarter	1977 $	1976 $
Revenue	320m.	271m.
Net profits	12m.	9m.
Net per share	0.78	0.63
Year		
Revenue	1.1bn.	937m.
Net profits	38m.	28m.
Net per share	2.58	2.17

M. LOWENSTEIN AND SONS

Fourth Quarter	1977 $	1976 $
Revenue	168m.	136m.
Net profits	*1.5m.	*508,000

*Loss

German mail order house lifts sales by 8%

BY GUY HAWTIN

FRANKFURT, March 8.

OTTO VERSAND, one of West Germany's largest mail order houses, has reported an 8.1 per cent. growth in sales during the year which ended on February 28.

Otto's growth rate was not as high as the 10.5 per cent. reported by its rival, the Schickedanz group. However, Schickedanz's sales were boosted to a degree by a special range to celebrate its golden jubilee.

Sales rose from the previous year's DM2.72bn. to DM2.94bn. The flag-ship of the group, the Hamburg-based Otto Versand, reported that sales had risen by an unspectacular 5.6 per cent. from DM2.33bn. to DM2.46bn. But this was more than offset by the 13 per cent. sales increase reported by the Schwab subsidiary in Hanau, near Frankfurt, which took its turnover to DM452m. and the 110 per cent. rise reported by Heinrich Heine Versand of Karlsruhe whose turnover totalled DM285m.

Furthermore, Otto had considerable success abroad. The second largest French mail order group, 3 Suisses, in which Otto has a 35 per cent. stake, reported a 12 per cent. rise in sales in the 1976-77 business year which ended on June 30 last year. Its turnover went up from DM1.02bn. to DM1.05bn.

Despite severe pressure on costs and "occasionally ruin competition," Otto's earn have kept pace with turn growth, said the prelimi report. No figures were given

For the current year, Ott looking forward to continued ficulties in the domestic mar The already tough competi from the shop and store bra of the retailing sector will come even sharper, said report. No hope of an impr ment as a result of susta economic upswing could be pected and overall business the current year was an ai restraint about it. No fore *was made on the 1978-79 pr* front.

Alsthom-Atlantique steady

BY DAVID WHITE

PARIS, March 8.

THE French heavy engineering and shipbuilding group Alsthom-Atlantique maintained profit levels last year, the first full year since the two halves of the group were brought together in a marriage of convenience in 1976. Sales expanded by 15 per cent. to Frs.9.4bn. ($1.9bn.).

Profits were similar to the previous year's Frs.78.9m. for the group, with all subsidiaries ending up in the black, according to M. Pierre Loygue, the chairman.

The turnover increase is rather deceptive, however, since it includes deliveries of big ship orders made before the tanker slump, which are not being replaced with new orders.

M. Loygue was cautious about this year's prospects in view of the situation in the shipbuilding sector, which makes up over a quarter of the group's business, and also because of political uncertainties, but he forecast that sales would reach Frs.10bn. (over $2bn.).

Over 40 per cent. of Alsthom-Atlantique's production is exported, which places it among France's leading exporters.

* * *

Credit Industriel et Commercial (CIC) proposes a total dividend for 1977 of Frs.10.50, compared with Frs.9.75. Net profit was Frs.40.72m. ($8.5m.) against Frs.39.37m., excluding long-term capital gains of Frs.1.09m. (Frs.190,000).

The company will ask shareholders for authorisation to raise capital in one or a number of operations over the next five years to a maximum of Frs.500m. from the present Frs.226.38m.

Growing concern on Seat

BY DAVID GARDNER

BARCELONA, March 8.

THERE IS growin gconcern in Catalonia over the performance of the Seat car compani, which has asked the Employment Ministry for permission to put its workforce on short time, working a three-day week for three months, in a bid to reduce its growing stock of unsold cars.

Seat had accumulated stocks of 85,000 cars by last week, equivalent to two months' normal sales, and nearly twice its normal maximum stocks.

This blow to the only car manufacturer in Spain with a significant Spanish holding (INI), the State holding company, has 35 per cent. of the company, Fiat of Turin 36 per cent., Spanish banks 15 per cent. and the rest is in the hands of private shareholders) comes at a time when Seat's share of the local market has dropped, while the market itself has expanded.

Seat's managing director, Sr. Antonanzas, said the two principal causes of Seat's decline were the contraction of the market and the advent of Ford in 1976.

Seat commanded over 60 per cent. of the local market at the beginning of the decade, and 48.2 per cent. until the end of 1976. It has since seen its share fall below 30 per cent., with Fasa-Renault taking the lead, and Citroen and Chrysler pushing strongly.

Seat exports 20 per cent. of its output, which it is expected to revise downwards from an estimated 250,000 units for this year. But while it enjoys the benefits of Fiat's technology, it does not benefit from the economies of scale that the multinationals can carry out, and is dependant on Fiat's *innovations to make its models* more attractive.

Sr. Antonanzas sees two clear alternatives, greater participation by either INI or Fiat, believing the latter solution to be more logical.

Saudi Int. Bank rise

By Michael Blanden

SAUDI International Bank, London-based international b *ing group* which has the S Arabian Monetary Agency a major shareholder, report slight increase in its opera profit.

The total operating profit from £1.93m. to £1.96m. on basis of a substantial expan in the bank's balance-sheet. bank has, however, set a £555,000 to build up its gen provision against loans, and result the profit before tax down from £1.79m. to £1.41m

Mr. Edgar C. Felton, the c executive, points out that earnings in the previous were largely attributable to tr lation gains arising from investment of a portion of capital funds in foreign curre

During the past year the b issued the balance of authorised capital of 12 shares to its existing sh holders, and this was the m influence on the rise in sh holders' funds by £13.1m. £26.3m. Total assets incre from £227.6m. to £416.5m., loans, net of the general pr sions, rising from £14.6m. £69.5m.

Bigger loss for La Rinascente

MILAN, March

LA RINASCENTE SpA, one the largest Italian chain st groups, reported a loss L.4.9bn. ($5.74m.) for 1977, from L.2.7bn. the previous y

Most of the loss, attribute *slackened* demand and ri costs, will be covered by a d ing of L.4.4bn. from special serves.

The company reported ove sales of L.663.5bn. for the y 17.5 per cent. up from L.564 the previous year.

La Rinascente is controlled Istituto Finanziario Industr (IFI) the holding company Fiat SpA. Last year it took *Italian-based chain stores of J.* Penney of the U.S.

AP-DJ

EUROBONDS

Increases in dollar sector

By Francis Ghilès

THE dollar sector of the market had a good day yesterday, with prices up across the board by as much as one-quarter to three-eighths of a point.

While dealers said some of this surge was due to short covering by professionals, larger buying orders than witnessed in the past week or so were reported from clients on the Continent and in North America.

The $25m. bond for Panama was increased to $30m. and priced at par by the lead manager, Nomura Securities, with terms otherwise unchanged. The Sumitomo Heavy Industries Floating Rate Note performed *well during its first day* of trading. It was being quoted at 99¼, having been priced on Tuesday at par.

The Deutsche-Mark sector opened weak yesterday morning, but started to recover in the afternoon.

The DM70m. for Tauernautobahn was priced at par with conditions otherwise unchanged by lead manager Westdeutsche Landesbank. Trinidad and Tobago was priced at par as expected by the lead manager Deutsche Bank.

The sterling sector was dull. The £20m. Citicorp issue was priced at 99.5 per cent., with conditions otherwise unchanged. Lead manager is S. G. Warburg.

Oce Van Der Grinten

INCLUDING 11 months for the Ozalid acquisition, Oce Van Der Grinten reports a rise of 16 per cent. in provisional net profits to Fls.37.7m. for 1977 against Fls.32.6m. Sales last year rose from Fls.751m. to Fls.1.18bn. The dividend is raised to Fls.7.28 a share against Fls.6.80.

The results of Oce Van Der Grinten U.K. comprise pre-tax profits of £2.1m. (£1.28m.). The major influence on these figures has been the "reassessment of *major projects following* the merger with the Ozalid group." Turnover in this division is developing well.

Hellenic Aerospace

ATHENS, March

A CONSORTIUM of foreign ba led by Citicorp is providin $80m. loan to the Hellenic A space Industry (HAI) which setting up aircraft maintena and repair facilities in Gre Under secretary of co-ordina Ioannis Paleokrasas said the l was approved by the curre committee to-day.

The loan will be repaid seven years after a 3½ years g period. For the first three y of repayment interest will threequarters of a point hig than the prevailing interb Eurodollar rate.

VONTOBEL EUROBOND INDICES
145.76=100%

PRICE INDEX	28.2.78	7.3.78	AVERAGE YIELD	28.2.78	7.3
DM Bonds	108.38	108.61	DM Bonds	6.291	6.26
HFL Bonds & Notes	103.93	104.49	HFL Bonds & Notes	7.597	7.48
U.S. $ Strt. Bonds	99.77	99.96	U.S. $ Strt. Bonds	8.727	8.69
Can.-Dollar Bonds	99.95	99.71	Can.-Dollar Bonds	9.301	9.35

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

Slump in export orders at MAN

By Adrian Dicks

BONN, March 8.

MASCHINENFABRIK Augsburg-Nuernberg, the West German commercial vehicles and engineering group (78 per cent. owned by Gutehoffnungshuette) said to-day that new orders during the second half of 1977 were down by one-third.

MAN reported that total new orders during the six-month period were DM1.8bn., compared with DM2.7bn. a year earlier. Domestic new orders fell from DM1.6bn. to DM1.17bn. — a change which the Board said was due to the receipt of a DM900m. order from the West German Defence Ministry during the first half of 1976-77.

New export orders, however, were down by some 40 per cent. from DM1.06bn. to DM637m. during the period. As a result, the company's total order book on December 31 stood at DM4.3bn., compared with the DM4.9bn. recorded a year earlier.

The Board said in its letter that this level of orders in hand was equal to six months' work, but it hinted that the company is expecting a difficult passage during the next few months when it remarked that the orders position varies widely between different product areas, with some of these now "in urgent need of supplementary orders."

Despite this partially clouded picture, the MAN Board expressed optimism for the company's future and for its chances of defending its international competitivity through an investment programme which has averaged over DM100m. in each of the past two business years and is expected to exceed this figure in the current year. Main points of this are the introduction of a new generation of machine tools, better capacity use and stepped-up research and development.

One good piece of news for MAN was the approval by the Federal Cartel Office last month of the company's plan to produce a new line of medium-sized trucks jointly with Volkswagen. The first of these are expected to come on to the market by the end of next year.

Higher profit from Linde

By Guy Hawtin

FRANKFURT, March 8.

LINDE, the Wiesbaden-based engineering, plant and construction group, is one of the few companies in West Germany to pay an unchanged dividend for 1977. Because of corporation tax reform, this means that German shareholders will get a substantial increase in real return.

For 1977, holders are to get DM8 per DM50 nominal share, plus a tax coupon worth DM4.50 which they can off-set against their personal taxes. Therefore, shareholders will be getting a "real" 25 per cent. compared with last year's 16 per cent.

Group gross profits increased by 11.6 per cent. to DM292.2m. (some $144m.). At the same time sales rose by 7.8 per cent. —rather less than the forecast per cent.—to reach DM1.67bn. ($800m.), of which foreign business accounted for 29 per cent.

Another capital increase proposed for Montedison

BY PAUL BETTS

ROME, March 8.

ONE of the priorities of the new Italian Government is expected to be a major intervention programme for the country's troubled chemicals and synthetic fibres sector, whose crisis has been given dramatic relief in a report by Sig. Giorgio Mazzanti, chairman of Sogam—the company grouping together the public shareholders of Italy's largest chemicals conglomerate, Montedison.

Sig. Mazzanti indicates that Montedison, which employs more than 140,000 people, now requires an injection of some L800bn. (some $940m.) of fresh capital. This is double the so far unsuccessful L400bn. capital increase the group's board approved at its last annual meeting.

In his report, leaked to the "espresso" weekly news magazine and published to-day, Sig. Mazzanti, who is also deputy chairman of the state oil group, ENI, itself the single largest shareholder in Montedison, openly states his opposition to any revaluation operation to cover the chemical concern's losses last year, expected to exceed the L172bn. of 1976.

The group's accumulated debts totalled L3,500bn. at the end of December, some L2,000bn. of it in short-term money. Last year, the group's indebtedness rose by L550bn., some L400bn. representing short-term debts, according to Sig. Mazzanti.

While there have recently been moves by Montedison private shareholders to seek a solution to the conglomerate's financial and structural difficulties and maintain the group's "private" character, Sig. Mazzanti's report threatens the Montedison corporate concept generally favoured by the long-ruling Christian Democrat Party of a private group.

The L800bn. injection of new funds he suggests would clearly have to come principally from the public sector and would effectively transform Montedison into a state concern. But Sig. Mazzantis proposals for Montedison form part of a wider context of initiatives for the troubled chemicals and fibres sector.

Indeed, it is now understood that Societa Italiana Resine (SIR), Italy's third chemical concern, has deposited 80 per cent. of its shares with the state medium-term credit agency, Instituto Mobiliare Italiana (IMI). The move follows the increasing financial difficulties of SIR, which has some L1,200bn. of outstanding debts with IMI.

IMI to-day confirmed that it had received in deposit 80 per cent. of SIR's equities. Sig. Giorgio Cappon, IRI chairman, said to-day that the state medium term credit institute had extended a new credit to the troubled chemical group. It did not specify the amount.

Sig. Cappon said that the Italian chemical industry needed a general overhaul. But in the meantime, both the banks and the chemical company had to create the necessary conditions to ensure the success of an eventual recovery programme for the entire chemical sector.

Sig. Mazzanti's outline proposals for the chemical and fibres industry calls for detailed co-ordination between the various chemical companies, not only in terms of their commercial policies but also of future investment programmes.

He maintains that the different companies should preserve their individuality and intensify their own specialised activities. Mergers, he claims, would only lead to the grouping together of ailing companies, without necessarily achieving greater efficiency.

As for the crisis-hit fibres sector, he says that a recovery programme should be based on the rationalisation of plants and a review of current and future investment programmes so as to keep in line with limited market demand. Sig. Mazzanti also calls for greater co-operation between Italian fibres producers.

Second half upturn helps Sun Hung Kai

By Daniel Nelson

HONG KONG, March 8.

SUN HUNG KAI Securities had a marginally better second half to achieve a consolidated profit of $HK41.46m. ($US9m.) for the year to December 1977, against the previous year's $HK42.12m.

A final dividend of $HK7.5 cents is being recommended, which with the interim of 7 cents will make a total of 14.5 cents, the same as 1976.

The group's total assets at the year's end amounted to $HK1.045bn., a 28 per cent. increase against the same period of 1976.

Sun Hung Kai is the colony's largest brokerage house, and the sluggish results reflect both the decline in turnover on Hong Kong's stock exchanges and the company's steady drive to diversify its activities, without which the result would have been even less encouraging.

Chairman Fung King Hey said that new activities started in 1976, including international bonds, U.S. securities, commodities, insurance and hire purchase, all made satisfactory progress. In 1977 the group started broking business in Japanese securities and trading in physical commodities, and these too had a solid start.

Fung said the launching of the unit trust, Sunbo Fund, had attracted interest, and funds had also been raised by the issue of promissory notes and Hong Kong dollar negotiable certificates of deposit. The group had acted as lead manager in a loan syndication.

He expressed confidence about 1978 and said the group would continue to look for expansion possibilities in Hong Kong and South-east Asia.

Quieter markets

QUIETER conditions will return to the Hong Kong Stock Exchange after the current rally, Joseph Sebag (Far East) says in a newsletter, reports Reuter from Hong Kong.

While Financial Secretary Philip Haddon-Cave's recent budget forecasts imply continued momentum, the lack of sustained economic improvement among Hong Kong customers gives little justification for share prices to start a steady rise.

JAPANESE CORPORATE PROFITS

Daiwa forecasts downturn

BY CHARLES SMITH

TOKYO, March 8.

CURRENT PROFITS of 359 Japanese companies quoted on the first section of the Tokyo Stock Exchange will show a fall of 8.91 per cent. during the six-month business term ending this month, compared with the September, 1977, term, according to Daiwa Securities, one of Japan's big four securities companies. For the 1977-78 fiscal year, which also ends this month, profits will be down 6.71 per cent. compared with a year earlier, Daiwa says.

Daiwa's forecast is more pessimistic than its last published estimate for the March-term business results (which came out in September and indicated a 6 per cent. fall in current profits for the term). It is very much more pessimistic than estimates being made during the autumn and late summer of 1977, when nearly all Japanese securities companies were still expecting profits to turn up in the spring of 1978.

Despite this downward adjustment, there are elements in the profits picture, as reviewed by Daiwa, which make the real situation appear even worse than the percentage figures suggest. An important point is that steel industry profits are forecast to rise by 71 per cent. during the current six months, even though the steel industry remains basically in a state of deep recession with little immediate prospect of improvement.

Daiwa says that its main reason for expecting steel companies to turn in better profit figures is its assumption that most companies will be selling large amounts of securities in order to cover dividend payments. Without such sales it thinks steel company profits would show a further fall in the current term, though perhaps not by as much as in the September, 1977 term, when current profits were down by 89 per cent. Steel weighs heavily in the overall profits performance of Japanese industry so that "window dressing" on the part of the industry can have an important distorting effect.

Looking beyond the March business term, Daiwa forecasts a 5.1 per cent. decline in current profits in the next September half-year, followed by a 16.1 per cent. recovery in March, 1979. At the date profits will be running at about 90 per cent. of the level obtained in the March, 1977 period, the best half-year for Japanese company profits since the 1973 oil crisis.

Daiwa's forecasts imply a fall in profits through three successive six months business terms.

Daiwa relates its profits forecasts for individual industries to the current level of excess inventories in the same industries and the speed at which these are being run down. Industries with very heavy inventories which are not expected to complete adjustment before the end of 1978 include aluminium, aluminium sash, zinc, caustic soda and wool.

In the next bracket (industries that should finish running down inventories by the third quarter of the year) are colour television, stereo, and ball bearings. Industries with no serious inventory problem include cameras, watches, and small passenger cars.

Dunlop Estates doubles profits

BY WONG SULONG

KUALA LUMPUR, March 8.

DUNLOP ESTATES Berhad, an offshoot of Dunlop International, doubled its profits for the second successive year, and is declaring a dividend of 30 per cent. for 1977, compared to 18.5 per cent. in 1976.

Profits after tax for last year soared to $M15.97m. ($US6.7m.) from $M7.4m. in 1976 and $M3.5m. in 1975.

Although higher prices, particularly for palm oil and cocoa, were the main reason for the good profits, there was also a notable improvement in the harvesting level of the two crops.

The average yield for oil palm improved by 12 per cent., cropping an average of 937 kilograms per hectare, while cocoa improved by 42 per cent.

Rubber yields also improved marginally, so that at 21,470 tons, the crop was only 190 tons short of the 1976 level despite a reduction of 218 hectares under tapping.

The company is currently expanding its second oil mill at Gamali. When completed this will add a further 10 tons fresh fruit bunches capacity per hour, increasing total capacity of its mills to 70 tons per hour.

Dunlop Estates said it is cautious about its prospects for this year and points out that in line with the general trend, its oil palm is affected by drought, while prices are expected to be lower.

Fitzpatrick's Food sale brings $M20m.

HONG KONG Land's wholly-owned subsidiary, Fitzpatrick's Food Supplies (Far East), has sold its 18-storey building in Kuala Lumpur to a Malaysian property concern for a reported price of $M20m. (U.S.$8.4m.).

An agreement for the sale was signed here yesterday between Mr. Owen Price, Fitzpatrick's executive director, and Datuk Lim Foo Yong, proprietor of the real estate company after his name.

Management of the building will continue to be under Harta Raya Sdn. Bhd., formerly Hong Kong Redevelopments, another subsidiary of Hong Kong Land.

Fitzpatrick said with the disposal of its building, the company plans to concentrate on its trading interests, and aims to expand its supermarkets to other parts of Malaysia, apart from Kuala Lumpur and Petaling Jaya.

Datuk Lim, who is one of the biggest property owners in Malaysia, said he had taken the decision to buy the building, in spite of the current depressed conditions in the property market, because he expected the situation to improve very soon.

Consolidated Plants.

CONSOLIDATED Plantations Limited, the Sime Darby subsidiary, announces that the Malaysian Capital Issues Committee has accepted that the aggregate agricultural value of the company's estates is $M340.56m. ($US78m.), representing an increase of $M93.55m. over the book value of the company's estates at end 1976.

SCANDINAVIAN NEWS

Setback at Svenska Cellulosa

BY WILLIAM DULLFORCE

STOCKHOLM, March 8.

EARNINGS of Svenska Cellulosa (SCA), Sweden's largest forest product conglomerate, slumped by 34 per cent. last year, from Kr.497m. to Kr.337m. ($73.25m.) pre-tax. Group turnover grew by just under 11 per cent. to Kr.4.6bn. ($1bn.).

Earnings per share after adjusting for taxes and allowing for non-distributed profits in SCA's associated companies come out at Kr.29 against Kr.40 a share in 1976, according to the preliminary report. The Board proposes to pay an unchanged dividend of Kr.10 a share.

In comparison with many other Swedish pulp and paper makers and given the depressed state of the market, SCA's 1977 performance was strong. But the profit fall has accelerated since the eight month interim report, when earnings were running 22 per cent. below the 1976 level, and in the last four months group earnings totalled only Kr.94m. against Kr.248m. for the first eight months.

The profit on the forestry and forest product side includes state stock grants of Kr.28m. and stock appreciation of Kr.50m. It has on the other hand been reduced by Kr.17m. from writing down stocks of products whose anticipated sales prices are lower than their manufacturing costs.

An earnings breakdown shows that only the packaging companies did better last year. The forest and forestry industry division earnings plunged from Kr.323m. to Kr.181m. on a Kr.2.4bn. turnover, while even the Baakab power station companies dropped Kr.5m. on earnings to Kr.67m.

Cardo well ahead so far

By Our Nordic Correspondent

STOCKHOLM, March 8.

CARDO, the investment company which owns the Swedish Sugar Company, reports an 88 per cent. improvement in earnings for the first eight months of its financial year to December 31. The consolidated pre-tax figure is Kr.128m. ($27.8m.) compared with Kr.68m. for the corresponding period in 1976.

Ernst Herslow, the managing director, forecasts a more modest profit improvement of just under 40 per cent. to Kr.181m. for the whole financial year ending April 30. The growth in earnings stems largely from higher sugar production, aided by a good beet harvest, and extra income from exports of lump sugar.

Sales by the production units, which include the highly profitable Hilleshoeg seed company, are expected to reach almost Kr.1.2bn. ($260m.) by the end of April—an increase of Kr.130m. These units should show an operating profit of Kr.159m. compared with Kr.107m. for the previous financial year, according to Mr. Herslow.

Successful year for Oy Rauma-Repola

BY LANCE KEYWORTH

HELSINKI, March 8.

OY Rauma-Repola is one of the few large companies in Finland that has been able to announce a successful result for fiscal 1977, the third successive year of economic depression for the country. Turnover increased by 18 per cent. to FMks.2.67bn. (some $650m.) at the December 1977 exchange rate. Even after allowing for inflation, there was a real increase of 9 per cent.

Sales of the forest industry division increased most in relative terms, while the metal and engineering division held its 68 per cent. share of the company's net sales.

Exports accounted for 79 per cent. of R-R's total invoicing and 7 per cent. of the value of all Finnish exports.

In spite of FMks.700m. in new orders for the metal sector during the year, order books thinned from FMks.2.8bn. to FMks.2.1bn. Orders were unevenly distributed between the shipbuilding and engineering departments, which explains why many of the engineering shops worked at only 80 per cent. of capacity during the year.

* * *

ENSO-GUTZEIT OY recorded a loss of FMks.30m. (some $19m.) in fiscal 1977, against a deficit of FMks.45m. in the previous year.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
...an Australia 8¾pc 1989	96	96½
...AEV 8pc 1987	96	95½
...stralia 8½pc 1992	94½	95½
...stralian M. & S. 9½pc '92	98½	99
...rclays Bank 8½pc 1992	96½	97½
...water 9½pc 1992	97	98
...N. Railway 9½pc 1998	97½	98½
...edit National 8½pc 1986	97½	98
...nmark 8½pc 1984	100	100½
...S 9pc 1995	98½	98½
...S 8½pc 1997	98½	98½
...B 8½pc 1992	97½	98½
...I 9½pc 1989	98	98½
...csson 8½pc 1989	93½	94½
...o 8pc 1986 Nov.	100½	101
...Lakes Paper 8½pc '84	99½	100
...mersley 9½pc 1992	100½	101
...ro-Quebec 9pc 1992	96½	97½
...8½pc 1987	96½	97½
...Canada 9½pc 1986	103½	104
...millan Bloedel 9pc '92	96½	97½
...ssey Ferguson 9½pc 1991	96	97
...chelin 9½pc 1988	101½	102½
...lland Int. Fin. 8½pc '92	97½	98
...tional Coal Bd. 8pc 1987	94½	95½
...t. Wstmnstr. 9pc 1986	101½	102½
...wfoundland 9pc 1989	100½	101½
...ges Kom. Bk. 8½pc '92	96	96½
...pipe 9½pc 1989	96½	96
...k Hydro 8½pc 1989	95½	96½
...o 9pc 1988	100½	101½
...s Autonomes 9pc 1991	98½	99
...Quebec 9pc 1985	96½	97½
...Saskatch. 8½pc 1986	100	100½
...d International 9pc 1987	90	91
...M 9pc 1992	93	93½
...oulon Tst. 8½pc 1989	90½	91½
...nd. Enskilda 9pc 1991	98½	99
...F. 8pc 1987	92½	93
...den (K'dom) 8½pc 1987	95½	96½
...ted Biscuits 9pc 1989	98½	99½
...vo 8pc 1987 March	92	92½

NOTES	Bid	Offer
Australia 7½pc 1984	95½	96½
Bell Canada 7½pc 1987	94½	95½
Br. Columbia Hyd. 7¾pc '85	95	95½
Can. Pac. 8½pc 1984	98½	100
Dow Chemical 8pc 1986	96½	97½
ECS 7¾pc 1983	97	97½
ECS 8½pc 1989	96½	96½
EEC 7½pc 1982	96½	97½
EEC 7¾pc 1984	93½	94½
Enso Gutzeit 8½pc 1984	96½	97½
Gotaverken 7½pc 1983	97½	98½
Kockums 8pc 1983	98	98½
Michelin 8½pc 1983	99½	100½
Montreal Urban 8½pc 1981	100½	101½
New Brunswick 8pc 1984	97½	98
New Bruns. Prov. 8½pc '83	100½	101½
New Zealand 8½pc 1986	99	98½
Nordic Inv. Bank 7½pc 1984	94½	95
Norsk Hydro 7½pc 1982	96½	97½
Norway 7½pc 1982	96½	97
Ontario Hydro 8pc 1987	96½	97
Singer 8½pc 1982	99½	100½
S. of Scot. Elec. 8½pc 1981	99½	100½
Sweden (K'dom) 7½pc 1982	98	98½
Swedish State Co. 7½pc '82	97	97½
Telmex 9½pc 1984	99½	100½
Tenneco 7½pc 1987 May	93	93½
Volkswagen 7½pc 1987	93½	94½
STERLING BONDS		
Allied Brews. 10½pc 1990	97½	98
Courtaulds 9½pc 1989	95	96½
ECS 9½pc 1989	98½	99½
EIB 9½pc 1988	100	100½
EIB 9½pc 1992	97½	98½
Finance for Ind. 9½pc 1987	98	98½
Finance for Ind. 10pc 1989	98½	99
Fisons 10½pc 1987	101	101½
INA 10pc 1988	97½	98½
Rowntree 10½pc 1988	97½	98½
Sears 10½pc 1988	97½	98½
Total Oil 9½pc 1984	97½	96½

DM BONDS	Bid	Offer
BFCE 5½pc 1989	100½	101
BNDE 6½pc 1986	98	98½
Denmark 5½pc 1984	100½	101
EIB 5½pc 1990	98½	99
Euratom 5½pc 1987	99½	100½
Eurofima 5½pc 1988	99½	100½
Finland 5½pc 1985	98½	99½
Forsmarks 5½pc 1990	99½	100½
New Zealand 5½pc 1989	99½	100½
Norcem 5½pc 1989	100½	101½
Norway 4½pc 1983	101½	102
Spain 6½pc 1984	101½	102½
Sweden 6pc 1989	101½	102½
TVO Power Co. 6pc 1988	99½	100
Venezuela 6pc 1988	99½	100
World Bank 5½pc 1990	99½	100½
FLOATING RATE NOTES		
Bank of Tokyo 1984 7 15/16 pc	99½	99½
BFCE 1984 7pc	98½	99½
BNP 1983 8 1/16 pc	99½	100½
CCF 1983 8pc	99½	100½
CGMF 1984 7¾pc	99½	99½
Creditanstalt 1984 7½pc	99½	99½
Credit Lyonnais 1982 8pc	99½	100
DG Bank 1982 7 15/16 pc	99½	100½
GZB 1981 7½pc	100½	100½
Intl. Westmnstr. '84 7 15/16 pc	99½	100½
Lloyds 1983 7¾pc	100½	100½
LTCB 1983 8pc	99½	100
Midland 1982 8pc	100½	101½
Midland 1987 7 11/16 pc	99	99½
OKB 1983 7¾pc	100	100½
SNCF 1985 8½pc	98½	99½
Std. and Chtrd. '84 7 11/16 pc	99½	100½
Wms. and Glyns '84 8 1/16 pc	99½	100½
Source: White Weld Securities.		
CONVERTIBLES		
American Express 4¾pc '87	81	83
Ashland 5pc 1988	95	96
Babcock & Wilcox 6½pc '97	93½	94½

	Bid	Offer
Beatrice Foods 4½pc 1992	91	93
Beatrice Foods 4½pc 1992	100½	102½
Beecham 6½pc 1992	92½	93½
Borden 5pc 1992	98	100
Broadway Hale 4½pc 1987	76	78
Carnation 4pc 1987	75	77
Chevron 5pc 1988	118½	120½
Dart 4½pc 1987	76	78
Eastman Kodak 4½pc 1988	77½	79½
Economic Labs. 4½pc 1987	79½	79½
Firestone 5pc 1988	78	80
Ford 5pc 1988	82½	84½
General Electric 4½pc 1987	80	82
Gillette 4½pc 1987	76	78
Gould 5pc 1987	101½	103½
Gulf and Western 5pc 1988	79½	81½
Harris 5pc 1992	138½	140½
Honeywell 6pc 1986	84½	86½
ICI 6½pc 1992	85½	87½
INA 6pc 1997	91	92½
Inchcape 6½pc 1992	104½	106½
ITT 4½pc 1987	76	78
Jusco 6pc 1992	104½	105½
Komatsu 7½pc 1990	113	114
J. Ray McDermott 4½pc '87	130½	132½
Matsushita 6½pc 1990	132	133
Mitsui 7½pc 1990	107	109
J. P. Morgan 4½pc 1987	98	98
Nabisco 5½pc 1988	97½	99½
Owens Illinois 4½pc 1987	109½	110½
J. C. Penney 4½pc 1987	74½	76½
Revlon 4½pc 1987	104½	106½
Reynolds Metals 5pc 1988	81	83
Sandvik 6½pc 1988	107	109
Sperry Rand 4½pc 1987	82½	84½
Squibb 4½pc 1987	77	79
Texaco 4½pc 1988	76	78
Toshiba 6½pc 1992	103½	104½
Union Carbide 4½pc 1982	90	92
Warner Lambert 4½pc 1987	79½	80½
Warner Lambert 4½pc 1988	79½	75½
Xerox 5pc 1988	75	77
Source: Kidder, Peabody Securities.		

BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

A

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THE JOBS COLUMN

On goes the plunge · Fairey four · Kentucky one

BY MICHAEL DIXON

TIMES HAVE been better, even for accountants. But the latest batch emerging from the long professional qualifying process may take comfort that times have been—and still are—worse for a lot of other types of managerial worker, as is indicated by the Jobs Column's index of demand for executives, alongside.

The index has been constructed from the nine four-monthly surveys so far published by Reward, which bases its figures on the large numbers of candidates and job-vacancies registered with the Government-sponsored Professional and Executive Recruitment agency. (This column's regular salary indicators based on the Reward survey, in this instance covering October 1977 to January this year, will be printed next week.)

To work out the index, I took the highest demand experienced by PER for accountants of the general kind, both qualified and not qualified, which occurred in the palmy days between February 1 and May 31 of 1975. The agency then had 1,027 vacancies for them in the United Kingdom as a whole, and these were being chased by 3,591 candidates: almost exactly 3½ seekers for each job registered.

This 3½:1 ratio forms the standard 100 of the index, against which I have calculated comparative indices for the candidates-to-vacancies ratios in the other four-month periods and the other categories.

The more candidates for each vacancy registered with PER, the lower the demand for them, and so the lower the figure in the index. A figure of 50 represents seven candidates for each job; of 25 represents 14 candidates per job; of 10 represents 35 candidates per job, and so on. Where the index figure is higher than 100, there are proportionally fewer than 3½ candidates for each vacancy registered. (For the benefit of the non-numerate, the number of seekers per job in any category during any period can be checked by dividing the index figure into 100, and multiplying the result by 3.5).

Right then, what do we see? Well, not much for executive types to cheer about. Of the 24 job categories covered, the turn of this year saw 14 languishing at their lowest level of demand. And while it is true that the PER clientèle, being concentrated in the middle to lower managerial ranks, almost certainly paints an exaggeratedly gloomy picture of demand for general managers, the Reward statistics seem likely to be the best measure available for the other categories.

INDEX OF DEMAND FOR EXECUTIVES—(100=highest demand for accountants—one vacancy per 3.5 candidates)

Job category	Feb.-May 1975	June-Sept. 1975	Oct. 1975-Jan. 1976	Feb.-May 1976	June-Sept. 1976	Oct. 1976-Jan. 1977	Feb.-May 1977	June-Sept. 1977	Oct. 1977-Jan. 1978
Accountants	100	83	79	57	41	40	46	35	41
Cost accountants	117	88	75	61	46	48	50	44	41
Company secretaries	27	25	20	18	11	11	15	9	11
Management services and computer managers	17	18	16	14	19	14	9	10	11
Systems analysts and computer programers	233	65	81	95	53	80	63	38	47
Purchasing	54	42	37	40	30	29	30	26	26
Personnel and industrial relations	50	24	26	34	18	21	27	15	17
Training	49	52	31	28	16	25	19	21	18
Marketing and sales management	15	15	18	21	14	17	14	11	10
Sales representatives	58	55	70	53	57	41	44	38	31
Public relations	17	11	8	12	6	4	10	3	5
Chemists	80	37	41	55	30	30	55	30	26
Physicists	78	20	56	28	29	14	52	19	13
Metallurgists	103	33	43	64	38	51	53	42	27
Mechanical engineers	69	52	57	43	60	57	92	58	66
Electrical and electronic engineers	159	92	130	135	106	97	117	106	75
Chemical engineers	88	56	63	81	43	46	206	33	69
Civil and structural engineers	53	41	42	30	25	17	21	15	15
Quantity surveyors	125	90	74	100	36	33	21	29	42
Design draughtsmen	103	83	100	80	97	66	83	90	59
Production managers	44	44	47	45	39	38	36	33	32
Distribution (transport, etc.)	35	34	27	32	24	19	24	20	19
General management	10	9	10	6	6	4	6	5	4
Retail management	64	32	32	16	35	11	13	10	9

The scientists and engineering people who might be associated with industrial creativeness are at their lowest level, with the exception of mechanical and chemical engineers—the February-May, 1977, leap to 206 by the chemicals, by the way, was due to a sudden explosion of demand in the south-east where there were briefly three and a half jobs chasing each candidate.

Unhappily, too, demand for managers and representatives in the marketing function is at its nadir.

Our accountant friends, however, have ended the nine periods in much the same "league-table" position, only chemical engineers having climbed above them. And as a special service to newly qualified this week, I have worked out which regions of the country seem to offer the best demand for them.

For accountants in general, the average demand is by far the highest in London. Thereafter the regional ranking descends as follows: Eastern; Midlands; Northern; Southern; Yorkshire and Humberside; North-west; Scotland; South-east; Wales; South-west.

The corresponding ranking for cost accountants is also led by London, although less easily. The ranking then continues: Eastern; Midlands; South-east; North-west; Yorkshire and Humberside; Wales; Northern; Scotland; Southern; South-west.

Directors

ANGUS MURRAY, new chairman of the Fairey group, is seeking four directors — one as chief executive of the group based near London's Heathrow Airport, two as marketing and commercial chief at Fairey Engineering in good old Stockport, and one as marketing head at Fairey Marine in yacht-opulent Hamble.

In return for about £25,000 a year plus car and so on, the group chief will bring successful experience of running a group of businesses and consummate understanding of the engineering industry. There will be much travel, and growth-conscious fully developed professional managers who meet the specification should describe themselves in writing to Hugh Lang of the P-E Consulting Group (1 Albemarle Street, London, W1X 3HF).

The pair at Fairey Engineering will be responsible to the subsidiary's managing director George Williamson.

The marketing director must be able to spot and take opportunities for new products and in new markets, have copious experience in negotiating big contracts overseas for capital, including military equipment, and have appropriate foreign contacts.

The commercial director will need experience of managing large contracts for similar, heavy equipment; and be able to take full charge of six sections providing support services for contracts, covering preparation and administration, estimating, buying, tendering, financing, and legal complications.

At the Hamble subsidiary, which makes work boats and military-type craft up to 18m. in length, the marketing director will be responsible to MD Alan Simmons.

Success in selling high-cost equipment, preferably marine, to overseas governments is the main need here, though experience of market policy-making is wanted as well.

Salaries for the three subsidiary posts are not disclosed, but I would estimate about £10,000. Perks include cars. Written self-descriptions to Mark Lomas at P-E (same address).

Cash manager

WITH U.K. sales up 47 per cent. this year, Kentucky Fried Chicken—part of the U.S. Heu Blein group—urgently wants a chartered or certified accountant aged about 35 with hard experience of cash management as financial controller at its new offices near Farnborough.

Responsible to Jim Johnson, a Canadian currently over here as treasurer, the newcomer will head about 20 accountancy staff dealing not only with the 46 KFC-owned shops in Britain, but also with some 205 franchisees who tend to be of an independent cast of mind. Candidates who have successfully run a business operation would have an advantage.

Salary around £9,000 plus "significant" profit-sharing. Write briefly for application form or telephone Eric Jameson or James Allen of Personnel Selection, 48 Drury Lane, Solihull, West Midlands B91 3BJ—021-705 7399 or 704 2851.

NEWLY QUALIFIED

ACCOUNTANCY APPOINTMENTS

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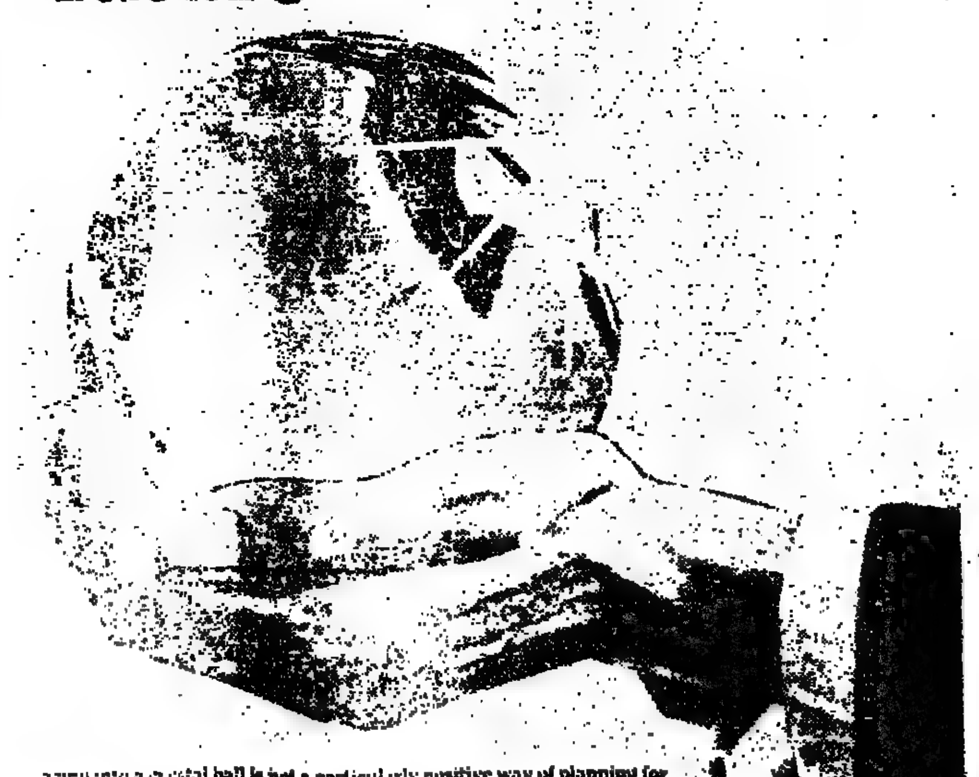
If you think you have drive and initiative and you are now looking for experience, training and a firm that cares about your career, contact us for an interview or more information. You'll find that we can make your expectations great.

Write to: Christopher Reay, Staff Partner,
Josolyne Layton-Bennett & Co.,
Metropolis House,
39/45 Tottenham Court Road,
London W1P 0JL
Or Telephone 01-636 7777

Accounting for the future



Gazing into a crystal ball is not a particularly positive way of planning for your future.

Action is needed – now.

To develop your professional skills you should obtain wide experience within a technically progressive and an international environment.

You need exposure to modern audit methods:
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Graduate Accountants

Save & Prosper up to £7,500

Save & Prosper Group Limited, a leader in the field of personal financial services, is seeking to recruit young qualified accountants to fill three vacancies which have arisen as a result of internal promotion and expansion of the finance function. The vacancies are for:
Assistant to Group Finance Manager – City;
Assistant to Group Controller – Gants Hill, Ilford, Essex;
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These posts are all initially of an investigatory nature, requiring the ability to review subjects in depth, and to prepare clear and concise written and verbal reports to senior management.
Ideally candidates will be graduates who have two years' post-qualifying experience with a large professional firm. They will be intelligent and articulate and have the ability to communicate at all levels. There are good prospects for career development both within the finance function and in other areas of this financial institution, such as investment management, marketing and administration. Starting salary is up to £7,500 depending on qualifications, and there are excellent staff benefits. The city office is situated just off Bishopsgate, and the Gants Hill Office adjoins the underground (Central Line) station.
Applicants are requested to write with details to Mr G. Davies, Group Personnel Manager, 4 Great St Helens, London, EC3P 3EP.

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Accountants

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Please write or telephone Bill Rench, Laurie & Co., 19/23 Oxford Street, London W1R 2AT. 01-734 6111.

Applications which may be from male or female candidates will be treated in complete confidence and should quote Ref. 110/WAR.

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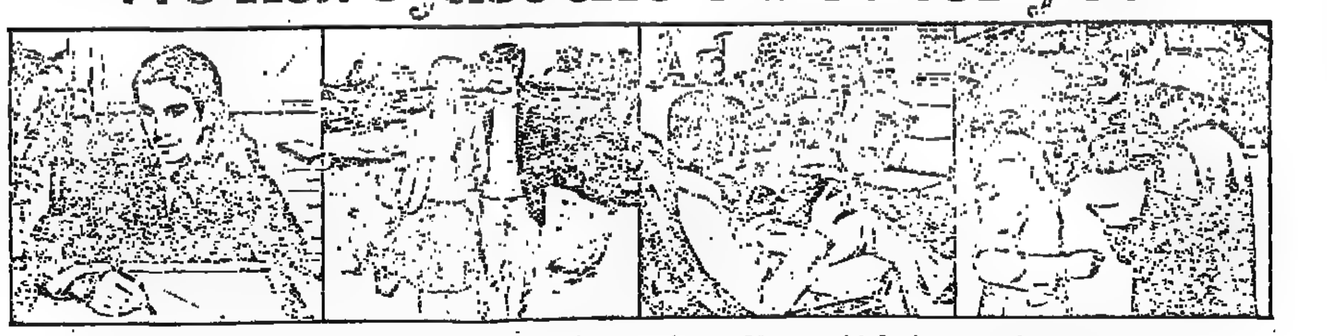

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ACCOUNTANCY APPOINTMENTS

NEWLY QUALIFIED

Newly Qualified Accountant Internal Audit

Wiltshire

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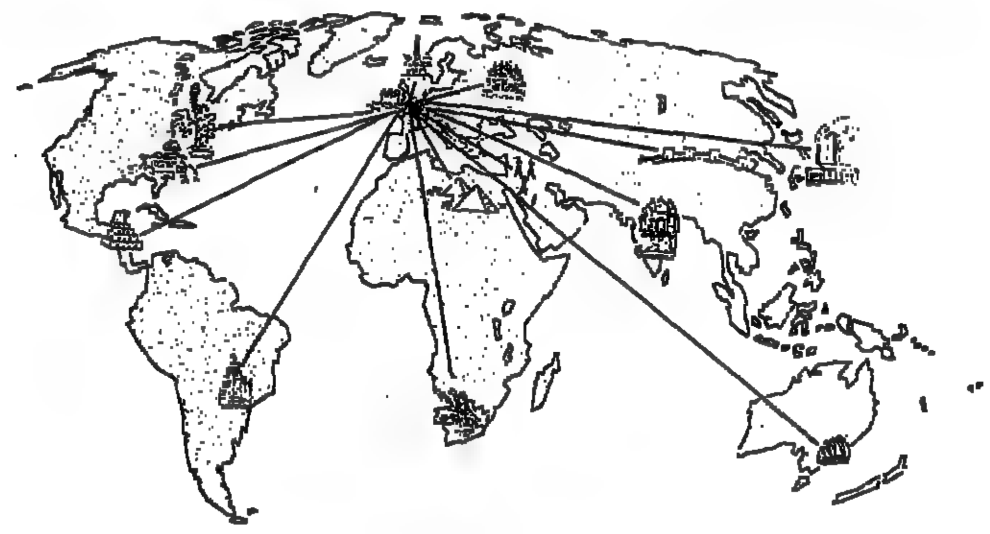
MMB

Personnel Officer, Milk Marketing Board,
Thames Ditton, Surrey KT7 0EL.
Tel: 01-398 4101, ext. 341.

If you have qualified well, we can give you scope.



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British Vending Industries is a fast expanding and highly profitable Public Company in the catering industry. As a result of Group's continuing expansion a young qualified Accountant is required to be based at our Head Office in Walton-on-Thames.

The post involves production of financial and management control information, development of Computer-based systems, identifying potential acquisition situations, investigations and staff management.

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An excellent salary is offered.

Please write or telephone
The Chief Accountant
BRITISH VENDING INDUSTRIES LTD.
Kestrel House
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Walton-on-Thames 29951

Financial Accountant

c. £6,000 — City

A mutual insurance company wishes to fill a management position in the accounts department. In addition to the usual functions of a financial accountant, the person appointed will be involved with taxation, cash flow and management accounting. Personality is important as the job involves presentation of reports and much contact with other departments. There is plenty of scope for creative thinking and achievement especially in the development of systems and procedures. The appointment offers a progressive salary plus attractive fringe benefits. Applicants should be recently qualified accountants.

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Salary is negotiable. Please write with curriculum vitae to Mrs. C. Carter, Chieftain Trust Managers Ltd., 30/31 Queen Street, London EC4R 1BR.

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LONDON (CITY)

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The successful applicant will be responsible for the cash management of U.K. subsidiary companies and foreign exchange payments, positions, collections and currency netting systems. An understanding of the U.K. banking system, export collections and exchange control is essential. Some U.K. travel is envisaged.

Age: 24-34 — Salary: up to £7,000

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A small rapidly expanding international bank recently opened in London requires the services and experience of a senior credit analyst with an international banking background and an understanding of eurocurrency lending.

Age: up to 35 — Salary: £7,000 neg.

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A major American bank is seeking one or two people with at least two years' Eurobond back-up experience, both primary and secondary markets. This bank is a market leader and can offer excellent prospects and opportunities to the successful candidates.

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We are looking for someone of high calibre, probably aged 40 or over.

He or she must have:
—Professional qualifications (preferably legal or company secretarial).
—Several years' experience as secretary of a company, preferably with involvement in pensions and insurance.
—The personal qualities required to deal with staff at all levels.

Salary by negotiation. Car and usual benefits. Please write in confidence, with detailed curriculum vitae, to

N. E. Tomlinson, Chief Executive—Trading,
CREST NICHOLSON LIMITED,
91-97 Church Road, Ashford, Middlesex.

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A City based International Merchant Bank requires a Securities Trader to work with the Investment Director, in a small but busy Department.

The requirement is for a mature person of sound judgement and good education, who has had several years training and experience in the Eurobond and International Stock Markets. It is expected that the successful applicant will come from an Investment Banking area, and now feels ready to join and support an expanding team, wherein the prospects for advancement are considerable. Usual Banking benefits apply to this appointment. Age is flexible, but it is unlikely that anyone under 27 will have sufficient experience.

In the first instance, please telephone R. Jordan

BANKING PERSONNEL
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c. £15,000 + Car

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He/she will probably be aged 35-45, qualified as a lawyer or accountant and currently at Manager or Partner level in a large professional practice. The appointment requires strength of character, allied to sufficient technical expertise to handle a wide range of assignments.

These will cover, for example, identifying and resolving capital tax and cross-frontier problems, and advising on the tax affairs of individual executives both in and outside the U.K., on the law relating to such matters as incentives and benefits, and on the policies for paying employees working overseas to best effect.

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Please contact Peter Wilson FCA, in complete confidence, at Management Appointments Limited, Albemarle House, 1 Albemarle Street, London W.1. (Tel: 01-499 4879).

Management Appointments Limited

The British National Oil Corporation

SUPPLY AND TRADING STAFF

The British National Oil Corporation, which is playing a leading role in the development and commercialisation of Britain's North Sea oil resources, has entered a new phase of its development, becoming a supplier and marketer of crude oil, both from its own resources and on acquisition from other producers.

To meet the growing commitments involved in this activity, the Corporation's Supply and Trading Department is looking to recruit additional staff in the following fields:

SUPPLY PLANNING ASSISTANTS (Ref. SPA/FT)

to assist in compiling short and medium term crude oil availability surveys, carrying out economic assessments of crude oil values and undertaking the general staff work in planning the crude oil supply and trading activity.

Applicants should have a minimum of 10 years experience in this and related fields. Knowledge and experience of refinery and/or terminal operations would be an advantage.

SUPPLY OPERATIONS ASSISTANTS (Ref. SOA/FT)

to assist in ship programming and chartering, the negotiation and administration of charter parties and the programming and inspection of oil cargoes.

Applicants for the most senior of these posts should have had at least 10 years direct and recent experience in these fields, and others at least 5 years.

CRUDE OIL TRADERS (Ref. COT/FT)

Trading staff with substantial recent crude oil sales experience in the European, U.S.A. and other markets.

Applicants should have proven negotiating skills and a broad knowledge of the industry; preferred candidates will already have established reputations and be acquainted with potential customers in the areas mentioned. Familiarity with the bulk product market would also be an advantage.

The salaries for these posts, which are open to both men and women, will be fully competitive and associated conditions of employment are attractive and include a comprehensive relocation plan. Positions are initially based in London, but some may subsequently involve location in Glasgow.

Suitable candidates are asked to write or telephone, quoting the appropriate reference, for application forms to:

The Recruitment Manager, Personnel Department, The British National Oil Corporation, 150 St Vincent Street, Glasgow G2 5LJ. Tel: 041-204-2525.

BNOC

Managing Director

Lusaka, Zambia. To £20,000 Plus Benefits

Our client, a major U.S. and international company manufacturing and marketing consumer products, requires a Regional Managing Director, based in Lusaka, Zambia, for its Central African Territories. Sales in this region are $10 million and the company employs 200 people in three African countries. The company has an excellent record of expansion in Africa and it should maintain and improve its market position.

The person we seek should be a qualified accountant or engineer, who has at least fifteen years of experience of managing financial; manufacturing or engineering operations. A knowledge of the African environment, while preferable, is not essential. The most important requirement is the ability to manage a foreign based operation with flair, firmness and tact.

Remuneration is negotiable up to £20,000 and the post has attractive benefits in terms of free housing and a company car.

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c. £10 - 15,000

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MARKETING MANAGEMENT

USA

An experienced marketing executive with a flair for consumer goods marketing and distribution is required for Salt Lake City, Utah. Responsibility will be to the General Manager for the complete marketing effort of the company and also for liaison with Hong Kong and the Coca-Cola Company concerning strategy and objectives.

Preferred age 32-36. A generous salary will be offered commensurate with age and experience.

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Preferred age 28-32. Starting salary about £10.000 plus generous overseas benefits including housing, education and 6 weeks' annual leave.

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The requirement is for two graduate engineers. Both will start in Hong Kong but after 1-2 years' training and development there, one will move to Salt Lake City. Responsibilities will cover the full range of engineering including capital projects associated with re-development of the bottling plants and building activities.

Successful candidates are likely to have a minimum of 5 years' post-graduate experience in a process manufacturing industry, preferably in bottling.

Preferred age 25-35. Starting salary about £10,000 plus generous overseas benefits including housing, education and 6 weeks' annual leave.

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Trafalgar Square, London W.C.2

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Age: 30-40 **Up to £12,500**

London

Our client is an international company which is expanding into Europe and it requires a Financial Controller for its operations in the U.K. He/she will report to the Managing Director and be responsible for *the complete accounting function* and for advising the Board on the financial implications of business developments. In particular, the appointee will be responsible for the design, development and installation of systems and the operation of a modern, efficient management information system in line with the parent company's requirements. He/she will prepare monthly and annual accounts; establish and operate a budgetary control system and produce cash flow forecasts as well as carry out investigations into potential acquisitions.

Candidates should be qualified accountants in the age range 30-40 with sound commercial and industrial experience at senior level. They should have a strong personality and be ambitious and competent.

The prospects are excellent.

Please write or telephone for an application form, quoting ref. 916/FT, to

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Touche Ross & Co.,
Management Consultants,
4 London Wall Buildings,
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Tel: 01-588 6644.

Financial Controller c.£20,000 +
Accountant c.£15,000 +

Riyadh, Saudi Arabia

- A substantial, rapidly expanding British company involved in large scale contract management is looking for an accountant of mature judgement to join its local management team in Riyadh as Financial Controller.
- The candidate should have had at the least 5 years post-qualifying experience **outside the profession** in a position where a large measure of self motivation, discipline and tenacity of purpose have been demanded.
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A firm of public accountants has vacancies in the City for qualified accountants to train as systems analysts in its Management & Computer Services Department. The Department employs high calibre systems analysts and qualified accountants who are being trained to become systems analysts. The work involves considerable variety—review of systems for audit purposes, development of new systems, special advice. The emphasis is on the comprehensive study of systems including the computer aspect in that context. There is a comprehensive training scheme providing a proper theoretical foundation covering *computers, systems and allied* work, together with supervised fieldwork. The theoretical side involves day release using in-house courses and lasts a year for the basics with further studies thereafter. The fieldwork offers considerable scope for gaining practical experience of computers and systems. This combination of theoretical instruction and varied practical work can give you a confident start to a career away from pure auditing or accounting.

Applicants do not need to have previous experience of systems work but do need to be systems minded and genuinely interested in systems, computers and the business world. They need to be methodical, persevering and determined and with a good command of English. If this is you, please write with full details of education, experience, interests and ambitions to: *A. J. Cornelius, Pannell Fitzpatrick & Co.,* Lee House, London Wall, London, EC2Y 5AL.

A full job description will be sent to those considered suitable. (No application forms will be sent.)

PF &Co

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Technical Editor 'Accountancy'

London City to £7,000

This is an ideal opportunity for a Chartered Accountant to play a part in helping to influence the development of professional thinking. The successful candidate will be involved with planning a balanced journal; meeting leading members of the professional and financial communities; finding and developing potential contributors, expert in their own field; *shaping their ideas and discussing possible articles. Applicants,* male/female, should be graduates who have a sound theoretical background and an up-to-date technical knowledge, preferably gained with a major professional firm. REF: 440/FT. Apply to R. P. CARPENTER FCA, FCMA, ACIS, 3 De Walden Court, 85 New Cavendish Street, London W1M 7RA. Tel: 01-636 0761.

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£9,500 + Car

London-based company responsible for European marketing of the world's leading spirits brand seeks an *exceptionally* bright, capable and energetic accountant as Financial Operations Director.

You will have overall financial control, including the company secretarial function, and the company's Administration Manager. will report to you.

You will be directly and creatively involved with marketing executives in compiling and analysing marketing data and developing sales strategy for world-famous products.

Please apply only if you are a qualified accountant with a modern outlook and demonstrable achievement in a contemporary commercial context.

The professional environment is stimulating and challenging. A demanding standard of performance prevails. As a key management executive, you will need business acumen, communication skills and leadership quality compatible with this standard.

In addition to salary and company car, there are excellent *and unusual fringe benefits befitting the position.*

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Please telephone either John Chiverton, A.I.B. or Trevor Williams . . . . . . on 405 7711.

David White Associates Ltd.
Hampden House, 84, Kingsway, London, W.C.2.

INTERNAL AUDITOR

American Bank requires a Internal Audtior for its offi in the City.

Applicant must have previo audit experience, preferab with an American Bank.

A.I.B. or equivalent qualificatio required: Competitive salar and fringe benefits.

Please submit with full c.v. t *Box A6281, Financial Times 10 Cannon Street, EC4P 4BY*

FIRST-CLASS OPPORTUNITIE

available to qualified, student and experienced accounting personnel

Contact Alex Moore or Brian Cogget on 01-628 2691

DRAKE ACCOUNTING

SELF-EMPLOYED sales people urger needed throughout the U.K. Must h a knowledge of the MINI-COMPUT market. Working on an "own busine basis selling mini-computers, and ea ing from 15% commission of instal price. For details write Box A.62 Financial Times 10, Cannon Stre EC4P 4BY.

Senior Banker

Athens

For an associate of a leading international bank. As Assistant General Manager, the successful candidate will be responsible for the commercial banking operations and the development of new business.

Aged 35 to 50, applicants must have international experience in commercial banking at senior level. They must be fluent in Greek and have some knowledge of French.

Salary equivalent £16,000 to £19,000. Free housing and other benefits.

Please send relevant details — in confidence — to P. Hook ref. B.26394.

MSL Management Consultants
Management Selection Limited
17 Stratton Street London W1X 6DB

Portfolio Management

Around £20,000

Our client, a major international insurance Group, with strong American and Continental affiliations, requires in London a thoroughly professional Investment Portfolio Manager. This very senior appointment with appropriate status, remuneration, benefit and incentive package, is open to either sex and calls for:—

- a demonstrably successful track record in international Investment Management
- complete familiarity with international markets and procedures
- high personal reputation in the investment field in London and overseas

Initial discussion will take place in the strictest confidence in London during March 1978. Applicants are invited to send a comprehensive history addressed personally to:—H. Ian Carlton.

Inbucon/AIC
Executive Selection
197 Knightsbridge, London SW7 1RN

BUCKMASTER & MOORE

Our planned expansion programme has created several opportunities within our firm.

However, only Senior Members of the stockbroking profession, with first class experience, would be considered eligible for these executive positions.

For a preliminary discussion, in complete confidence, please contact:
Harry France, Managing Partner
BUCKMASTER & MOORE
The Stock Exchange, London EC2P 2JT.
Telephone: 01-588 2868

An unusually rewarding management opportunity in insurance services in Manchester

Our client, a leading British financial institution, is looking for an enterprising and astute man or woman to take charge of the insurance services operation based in Manchester.

Your main energies will be spent developing new and existing business and expanding and diversifying the activities of the unit. The planning and research of policies, investments and commission terms is also necessary as is the control and motivation of a small professional team and associated support staff.

You should be at least an ACII having at least ten years general insurance experience with a latter emphasis on life and investment. You must be a self-starter with well-developed man-management capabilities, a high commercial awareness and above average communications skills.

An attractive salary will be negotiable on the basis of qualifications and experience together with an extremely attractive package of fringe benefits. It is unlikely that those earning less than £5,000 will have, as yet, gained sufficient experience to meet the demands of this position.

If you are aged 28-35, and are keen to advance towards a board level appointment within a stimulating and progressive environment then write with full details to, Moxon Dolphin & Kerby Limited, Pearl Assurance House, 23 Princess Street, Manchester M2 4EN, quoting ref. no. MDK116.

Applications will be forwarded to the client concerned. Please list in a covering letter any companies to which you would not wish to apply.

MOXON DOLPHIN & KERBY LTD
MANAGEMENT SELECTION

ACCOUNTANT
BERMUDA

MAJOR INSURANCE GROUP REQUIRE A CHARTERED ACCOUNTANT FOR THEIR BERMUDA OFFICE.

Excellent conditions of service. Age group approximately 27/35 years. Salary $18,000 per annum.

Please telephone, in confidence:—
EILEEN MILLER
I.P.S. GROUP
01-481 8111

Financial Controller
(South West)
c.£11,000 plus car

An Industrial Accountant who feels at home in an industrial environment will discover an excellent career opening in this large British Engineering Group.

You will be directing the Management and Financial accounting operations which are fully computerised for a 10,000-employee enterprise in three major locations in the South of England. You should have good post-qualifying experience in industrial accountancy which includes several years in engineering possibly related to capital goods production. The skill and personality to lead staff and to co-operate with senior members of management in all locations is important, as is the ability to work on your own initiative. Age probably 35-45, with recognised qualification (probably CA). The usual large company fringe benefits are applicable together with executive status for the right person.

Please write in confidence with details of qualifications and experience, quoting reference 1550/PK/FT to:

Robert Lee International
24 BERKELEY SQUARE, LONDON W1X 6AR.

Senior Economist
for international issues

Shell is looking for a Senior Economist to join an international, multi-disciplinary team based at Shell Centre, London. Working at the frontiers of futures research and its practical application, this unusual and challenging opportunity would suit someone probably in their 30's with a background in applied, or possibly academic, economics.

In addition to providing the economic input, and a broader critical faculty, to Group Planning's cyclical and long-term scenarios, the work will involve the assessment of short-term prospects for the world economy and the preparation of special studies on a wide range of major politico-economic issues. There is scope for independent research and preparation of papers upon which important Group decisions may be made.

Personal qualities required include imagination and breadth of perspective, sense of urgency, ability to master a variety of complex data quickly, and above all an exceptional intellect. We expect you to have the experience and standing to deputise for the chief economist.

The salary, in a range starting at £9,000 p.a. and progressing well into five figures, will depend on age, qualifications and experience. The salary includes a London Allowance of £585 p.a. and you will also receive a range of attractive fringe benefits. Promotion prospects are excellent within the Royal Dutch/Shell Group of Companies and regular overseas travel is another attraction of the post. Please write giving details of your qualifications and experience or telephone for an application form to:

Shell International Petroleum Company Limited, Recruitment Division (FT) PNEL/22, Shell Centre, London SE1 7NA. Telephone: 01-934 4115.

Shell

Banking

INTERNATIONAL ENERGY BANK LIMITED

wishes to appoint an experienced banker at managerial level to assist in the development of its Banking Department.

The Banking Department is responsible for the syndication of euro-currency and sterling loans and also for the Bank's portfolio of loans to government and state owned entities. It is additionally responsible for banking relationships and works closely with the Bank's Corporate Finance Department in the negotiation of facilities to corporate borrowers in the energy sector.

Accordingly, the successful candidate, ideally aged around 35, should have a thorough knowledge of the euro-currency markets, with sound experience in syndicated loans and be fully conversant with the legal aspects of such activities. Applicants should also display the ability, based upon experience, to represent the Bank and to negotiate on its behalf at a senior level.

Please write, enclosing a curriculum vitae, in complete confidence to:—
P. J. Burgess, Senior Vice President, International Energy Bank Limited,
Winchester House, 100 Old Broad Street, London EC2M 1BE.

Salomon Brothers International Limited

EUROBOND SETTLEMENTS

An experienced Clerk is required to join our London Clearance Operation. The work will involve close liason in all aspects of settlements with the London Dealing Room and our New York and Hong Kong offices.

Please write or phone our Operations Manager for an application form.

One Moorgate
London EC2R 6AB
01-600 4151

UNIVERSITY COLLEGE CORK
Department of Economics—Full-time Appointment

The Governing Body invites applications for a full-time post as Assistant Lecturer/College Lecturer in the Department of Economics. The appointment will be made at one of the levels mentioned according to the qualifications and experience of the successful candidate. It would be an advantage if candidates could teach Econometrics at least at undergraduate level though this need not be their main field of specialisation.

The salary scales are:
College Lecturer £5,115-£6,121—Bar—£6,141-£7,430 p.a.
Assistant Lecturer £4,403-£4,805 p.a.

Application form and further details of the post may be obtained from the undersigned. Latest date for receipt of applications is Friday, 7th April, 1978.

M. F. Kelleher, Secretary

Jonathan Wren · Banking Appointments

The personnel consultancy dealing exclusively with the banking profession

LENDING OFFICER

Our client, a leading American bank, is expanding its business development programme in Continental Europe.

Suitable candidates are likely to satisfy the following criteria:—
(a) should possess a pioneering mentality and be self motivated.
(b) should have a sound credit background, preferably reinforced with formal U.S. bank training.
(c) should have had good previous experience of development of eurocurrency lending.
(d) should be used to considerable travel and be prepared to travel for at least 3 months out of 12.
(e) should have fluency in at least one European language.

The position will be based in London and will initially involve development of the Scandinavian market.

The successful candidate will be joining a young team and it is anticipated that he or she will not be older than 35 years of age.

An attractive salary is offered together with good fringe benefits.

In the first instance, and in the strictest confidence, please contact:—*DAVID GROVE.*

170 Bishopsgate London EC2M 4LX 01-623 1266/7/8/9

INTERNATIONAL FINANCE MANAGER
LONDON

Dynamic Fortune 500 energy company is seeking a strong, decisive international finance manager for its London office. The successful candidate will have extensive FX experience and current bank contacts. Language skills and barter negotiations experience a plus.

Only complete resumes with salary history considered. All resumes treated confidentially. Please write Box A.6291, Financial Times, 10, Cannon Street, EC4P 4BY.

An equal opportunity employer

CHIEF ACCOUNTANT
HOLLAND/BELGIUM
£12,000 + CAR

We are seeking a young qualified accountant preferably with experience outside the profession, to take complete responsibility for the accounting function of four branches (turnover £2.5m.) of a UK based company engaged in a service industry.

Following one month's training in UK, the successful candidate will be based at the Dutch Head Office in Rotterdam. The chief accountant will be expected to improve existing systems in line with Group policies, manage the day to day running of the accounts department, prepare management information reports and annual accounts, and take responsibility for all financial aspects of the business, including planning.

Please write with full c.v. to:
Box A6287, Financial Times, 10 Cannon Street, EC4P 4BY.

FAIREY ENGINEERING HOLDINGS LTD

Group Chief Executive c. £25,000

Fairey Engineering Holdings Ltd. is a profitable group of engineering companies with annual sales in excess of £40 million, a capital employed of some £20 million and more than 3,500 employees. The group is made up of a number of autonomous operating subsidiaries, developing, marketing and manufacturing a variety of high technology products for world-wide markets. More than half the group's output is exported.

The group was recently acquired by the National Enterprise Board which requires that Fairey should operate in accordance with the highest standards of publicly listed companies. As a first step in the pursuit of this aim, the newly appointed Chairman wishes to recruit a Group Chief Executive who, as a member of the main Board, will have full responsibility for the profitable development of the company.

The requirement is for a successful executive with a first class track-record in general management, including experience of running a group of companies. Candidates should have a degree or professional qualification but the precise discipline is less important than a deep understanding of the engineering industry. Candidates must also have a thorough grasp of all management functions: the creative flair to develop a growth strategy for the business; and the ability to build up, lead and motivate a successful management team.

The Group Chief Executive will be based on Fairey's Headquarters at Heston, near London Airport, although a good deal of travel will be required, both in the UK and internationally. A salary package will be negotiated around £25,000, together with car, pension, re-location expenses and other fringe benefits.

Applicants are invited to write fully and in confidence to: H. M. Lang, quoting reference L/41/7.

The P-E Consulting Group Appointments Division.
1 Albemarle Street, London W1X 3FH. Tel: 01-499 1948

MANAGER FOR ZURICH

London Merchant Bank seeks an outstanding young executive to establish and manage the Zurich office of its Swiss subsidiary.

The successful candidate will probably be aged 27-35, hold a professional qualification or university degree and already have had a number of years' international financial experience gained within a major bank or financial institution. Fluency in German and French will be added advantages.

Familiarity with all aspects of the "a forfait" market as well as a sound understanding of the financing of international trade and foreign exchange are mandatory.

Salary, future prospects and other benefits will be exceptional. Please write fully, in confidence, to:—

The Managing Director,
Box A.6292,
The Financial Times,
10 Cannon Street,
London, EC4.

CFE

THE LARGEST CONSTRUCTION COMPANY IN BELGIUM IS LOOKING FOR:

technical supervisor

for its Technical Services Department in Brussels.

□ As a member of the management staff of our overseas division, reporting to the Technical Director, the Technical Supervisor will be responsible for developing, maintaining, and providing data, advisory and assistance services for the whole division, in the fields of operating methods and techniques, processes and planning, quantity calculation and costing.

□ *He will be responsible for the evaluation and preparation of tenders* and for the coordination of technical activities for several sites.

□ The candidate should have a civil engineering degree and particular experience in public works (road, bridge, tunnel and dam construction) and industrial buildings.

He should be no more than 45 years of age and should preferably have some knowledge of French. Experience in the construction industry overseas would be an asset.

□ Competitive salary circa 23,000 Pounds p.a. and attractive fringe benefits.

□ Applications together with curriculum vitae and photo should be sent to C.F.E., Personnel Department, square Frère-Orban 10, 1040 Brussels, Belgium.

COMPAGNIE D'ENTREPRISES CFE

CFE

Since 1880 the Company has involved in the majority of major public works projects in Belgium. Internationally the company has been very active, particularly in Africa - present overseas account for approx. 25 % of the Group turnover.
The Group had projects in 1977 valued at 18 billion B.F. and presently employs some 10,000 staff.

Livingston Development Corporation

INDUSTRIAL DEVELOPMENT AND ESTATES MANAGER

Applications are invited from Chartered Surveyors or others holding suitable *qualifications* for appointment to the post of Industrial Development and Estates Manager of Livingston Development Corporation.

Livingston, which is fourteen miles west of Edinburgh, was designated in 1962 with a target population of 70,000 but also to be a focal point of the sub-region of 200-250,000 people. The present population is just over 33,000. There are now 100 industries. It is the second largest town in the Lothian Region by population and employment and in a phase of rapid development.

The primary role of the post is the attraction of industry, commerce and private housing developments in fulfilment of the target population and the holder will require to be experienced and skilled in all aspects of negotiations with interested parties in the extent to which the Corporation can meet their needs. A secondary, but important, role will be the management of industrial, commercial and agricultural subjects owned by the Corporation. Housing management is not a function of the post.

The Industrial Development and Estates Manager is a Chief Officer in the Corporation's Management Team, and is responsible to the Chief Executive for the complete control, organization and operation of his department.

Salary will be in the range of £8,858-£11,208 with placing according to ability and experience. Assistance will be given with housing and towards removal expenses. The post is superannuated.

Applicants are asked to write, in confidence, not later than 23rd March, 1978 (please mark envelope 'Industrial Development and Estates Manager'), sending full details to: J. Kelly, Esq., OBE, MA, LLB, Secretary and Legal Adviser, Livingston Development Corporation, Livingston, West Lothian EH54 7AD, *from whom further information* can also be obtained.

MAKE IT IN LIVINGSTON

We have several places in the su[n] for chartered or certified accountants

Nassau and Freeport in the Bahamas; Grand Cayman 300 miles away to the south-west – these are the places where we need young qualified Chartered or Certified Accountants.

You would join us for a two-year (Grand Cayman) or three-year (Bahamas) tour with air fares paid both ways for you and your family. Professionally the opportunities are great. You'll benefit from applying the latest British and North American techniques to the problems of large international corporations.

On a personal level, life is equally rewarding. The climate is superb, and outdoor activities are available all year round.

You should be under 30, have a good professional qualification and be confident you can develop your skills in very different surroundings. A current driving licence is essential.

The salary and benefits package is exceptionally rewarding. In the Bahamas, you[r] salary and bonus is B$15960 and there is no income tax. You get three weeks' holiday a year and an end-of-tour payment o[f] B$4800.

In Grand Cayman, y[ou] start at up to C$14400 (ag[e]) without income tax) and you get eight weeks' holid[ay] during your tour.

In both the Bahamas [and] Grand Cayman a medical insurance scheme is in operation.

Please apply in the first instance to: Ian Macpherson, Price Waterho[use], Southwark Towers, 32 London Bridge Street, London SE1 9SY. Telephone: 01-407 8989.

Price Waterhouse

Financial Director

South Yorkshire area in excess of £10,000 + car + benefits

Our client, M. Higgins Limited, a private company engaged in potato merchanting, storage, and farming, is seeking a financial director to participate fully with the proprietor in managing and developing the business.

Responsibilities will include the introduction of appropriate planning and budgeting procedures, the development of systems to provide key management information, the evaluation of business opportunities, the provision of financial advice on all matters affecting the company, and the supervision of all accounting procedures. The successful applicant will be expected to achieve complete familiarity with all aspects of the business and to assume full control of the company in the absence of the managing director.

Candidates should be qualified accountants, aged 35-50, with wide-ranging financial expertise and business acumen developed in a commercial environment. Preference will be given to candidates with an agricultural background: familiarity with produce marketing and storage would be a particular advantage. Strong personal characteristics are essential in particular the ability to command the respect of staff at all levels.

Remuneration will be negotiable in excess of £10,000, and will include a non-contributory pension scheme. Relocation expenses will be paid.

Price Waterhouse Associates

Applicants should write, setting out details of their qualifications, experience and achievements, to DM Hancock, Price Waterhouse Associates, 29 East Parade, Leeds LS1 5PX. Quoting reference FD.

Financial Management

c. £7000

The Radiochemical Centre (TRC) is a world *leader in the production and marketing of* radioactive isotopes for medical, scientific and industrial purposes. The headquarters and principal laboratories are at Amersham, Buckinghamshire. Growth has been at about 20 per cent annually and Group sales last year exceeded £21 million.

The Finance Department has a crucial role to play in the company's expansion and it now requires a fully qualified Accountant to lead a small team which will contribute to the further development of its financial and reporting activities for a range of products. There will also be close involvement in forward planning including pricing, costing and in capital investment decisions associated with the products as well as a requirement to give advice to product management on financial matters.

To meet the challenge of this appointment the successful applicant is likely to be around 30 years of age, qualified to ACA, ACCA or ACMA and possibly possess a degree in a related subject.

Please write giving brief career details to the Personnel Manager, The Radiochemical Centre Limited, White Lion Road, Amersham, Bucks.

The Radiochemical Centre
Amersham Bucks

Investment Analyst

Philips and Pye Pension Funds London, E.C.4.

We wish to appoint an additional Analyst in our Investment Department. Applications are invited from men and women under 30 years of age who have experience of the North American market.

We offer opportunity for job development, salary commensurate with qualifications and experience. Benefits include 4½ weeks annual holiday, contributory pension fund and life assurance, interest free season ticket loans and subsidised lunches. Assistance may be given towards cost of relocation if necessary.

Please send brief details of education and experience to: The Deputy Personnel Manager, Philips Industries, Arundel Great Court, 8 Arundel Street, London, WC2R 3DT.

PHILIPS

PHILIPS

Chief Accountant

London c. £7,500 + car

Our client, a heavy industrial service company within a large *international group*, is *currently* looking for a Chief Accountant to be based at its London offices.

He or she will take charge of a small accounts office and have full responsibility for preparing monthly management and financial accounts and for maintaining the required information levels.

Fully qualified, (ACA, ACCA, ACMA) you will have a minimum of three years post qualification experience in an industrial working environment, and will proabably be aged between 28 and 40.

The ability to organise and motivate staff effectively is essential.

Salary will be negotiable c. £7,500 and will be accompanied by an excellent benefits package, which includes a company car. Future prospects throughout the group, are excellent.

Ref: S/3664/FT.

REPLIES will be forwarded direct, unopened and in confidence to the client unless addressed to our Security Manager listing companies to which they may not be sent. They should include comprehensive career details, not refer to previous correspondence with PA and quote the reference on the envelope.

PA Advertising

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

PA

A member of PA International

Manager for new Gilt Edged Bond Fund

We are currently forming a subsidiary company to operate a new Gilt Edged Bond fund and we require a manager. We see the successful applicant as being aged 35 or over, personable and used to dealing directly with clients at senior level. He or she, in addition to having a full knowledge of market dealing, should also have several years experience of Gilt Edged investment in perhaps an insurance company, a pension fund or a bank.

This is a senior post. It carries a substantial salary and many attractive fringe benefits. It should also lead to early appointment to the Board of the management company.

For further information please send full details of your career to date to: *J. A. Pound, Secretary, Allen Harvey & Ross Ltd., 45 Cornhill, London EC3V 3PB.*

Booker McConnell Public Relations

Booker McConnell is a long established and successful holding company with wide interests in Britain and overseas; these range from food distribution, engineering and shipping to overseas trading and agriculture. *Annual turnover exceeds £500 million and the* group employs some 18,000 people world wide. A Public Relations Executive is to be appointed to provide a general service on external relations, and to assist the operating divisions on public relations matters as required. The person appointed, ideally a graduate in his or her thirties, will have an active interest in international business affairs and finance with several years appropriate experience, preferably in an industrial or commercial environment. A thorough knowledge of P.R. and the media is essential, whilst the ability to judge the limits to which they should be used is equally important. A five figure salary is envisaged.

Location: City of London.

PA Personnel Services Ref: AA3/6341/FT. Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

PA Personnel Services

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

PA

A member of PA International

هكذا من الأصل

APPOINTMENTS

Westland directors for Board of Arab British Helicopter

Westland Helicopters has made appointments to the Board of the newly-formed ARAB BRITISH HELICOPTER COMPANY.

The company has been created following the agreement signed on February 27 between the Arab Organisation for Industrialisation and Westland Helicopters to set up a Lynx helicopter production line in Egypt.

Mr. A. V. N. Reed becomes non-executive vice chairman, and retains his position as commercial director, Westland Helicopters; Mr. B. Baxter, formerly works director, Westland Helicopters, is now managing director, Arab British Helicopter and Mr. F. P. Stanton, who was commercial manager (exports), Westland Helicopters, is commercial director to the new company. Mr. Baxter and Mr. Stanton will be based in Egypt.

Following Mr. Baxter's move Mr. J. Bower, formerly special director and divisional manager of the Weston Division of Westland Helicopters, has been appointed works director, Westland Helicopters.

★

Dr. Fred Collender has been appointed metals consultant to M. L. DOXFORD AND COMPANY, London-based commodity brokers. Dr. Collender has been chief mining geologist to General Mining Corporation, consultant geologists to Rio Tinto-Zinc and exploration manager for Hanna Mining Company. He remains consultant on mining securities to Strauss Turnbull and Company, stockbrokers.

★

As a result of an agreement approved by British Shipbuilders between Vosper Shiprepairers and Vosper Thornycroft (U.K.), the following Board changes are being made: Mr. J. A. Wilde, in addition to being chairman and chief executive of VS, is re-appointed a non-executive director of VT (U.K.); Mr. A. P. Shaw, chairman and chief executive of VT (U.K.) becomes a non-executive director of VS; Mr. A. Mackesy, director of shiprepairing, British Shipbuilders, will be a non-executive director of VS; Mr. J. N. Jefferson is appointed a director and general manager of VS; Mr. H. Melvin resigns as financial director (VS) and is replaced by Mr. C. E. Johnson; and Mr. J. Grant resigns as a director and company secretary (VS) and is succeeded by Mr. D. Barclay as company secretary.

★

Mr. Michael J. Mellor has been appointed a director of GLYNWED DISTRIBUTION.

★

Mr. Dennis Freeman has been appointed to the main Board of P. LEINER AND SONS, with responsibility for South American operations. He will be based in Sao Paulo.

★

E PLAN has appointed the following directors: Mr. R. W. Browning, Mr. R. W. Patching (works), Mr. A. Ansell (executive), and Mr. R. E. Wildman (executive). The company is a member of the Eustace International group.

★

The following Board changes at BOOSEY AND HAWKES come into effect on May 1: Sir Richard Young to be deputy chairman. Mr. Alan Clapham, group chief executive, reaches retiring age next year and is being succeeded by Mr. Anthony Kilby, who has been with the group for 20 years. Mr. Clapham remains an executive director. Mr. Dennis Gillard will be director of market development to the group. Mr. Geoffrey Cox becomes managing director of Boosey and Hawkes (Musical Instruments) with Mr. Gillard remaining as chairman. Mr. Robert Grant takes over as managing director of Boosey and Hawkes (Electrosonics).

★

AB VOLVO has established a London company, SWEDISH AUTOMOTIVE PRODUCTS which will concentrate on commercial and financial aspects of major transactions with developing countries, and will provide London representation for Volvo International Development Corporation of Gothenburg. Management in London will be lead by Mr. Ian D. Herbert, director and general manager, and Mr. Lennart Nygren, who moves to London from Sweden to become a director. Mr. Herbert joined the Volvo Group on March 1 from Reckitt and Colman. He is now vice-president—finance of Volvo international.

★

Mr. David Carter has been appointed parts sales manager for FORD OF BRITAIN. He takes charge of Ford parts and accessories, the Motorcraft "all makes" range and industrial engine sales from the company's parts distribution centre at Daventry in Northamptonshire. Mr. Carter replaces Mr. Len Jones, who has been promoted to a new position with Ford of Europe parts operations in Cologne, Germany, where he will be responsible for parts sales in 13 European countries. Mr. Jones had been Ford of Britain's parts sales manager for the past eight years.

★

Mr. Henry Kroch, deputy chairman and chief executive of AB Electronic Products Group, has been elected president of the EUROPEAN ELECTRONICS COMPONENTS MANUFACTURERS' ASSOCIATION. He succeeds Dr. Alfred Prommer.

★

Mr. H. M. Bray has retired from the Board of the GRANGE TRUST.

★

Mr. Desmond D. Flynn has been appointed a director of ROWBOTHAM (REINSURANCE).

APPOINTMENTS WANTED

COMPANY NOTICES

UNION CORPORATION LIMITED
(Incorporated in the Republic of South Africa)
DECLARATION OF DIVIDEND NO. 122

PAYMENT OF COUPON NO. 127

1. The Directors have declared dividend No. 122 (being the final dividend for the year ended 31st December 1977) of 26 cents Republic of South Africa currency per share payable to members registered at the close of business on 23rd March 1978, and to persons surrendering Coupon No. 127 detached from share warrants to bearer.
2. This dividend becomes due on 28th March 1978 and dividend warrants will be posted on or about 2nd May 1978.
3. All members with registered addresses or who advise addresses in terms of paragraph 5 hereof in Zambia, Rhodesia, Angola, Mozambique and all parts of the continent of Africa south of the southern boundaries of the said countries shall be paid from the Johannesburg Office and the warrants will be drawn in South African currency.
4. Members other than those referred to in the preceding paragraph shall be paid from the London Transfer Office and the warrants will be drawn in United Kingdom currency. Such members may, however, elect to be paid in South African currency provided that any such request is received at the Johannesburg or London Transfer Office on or before 23rd March 1978. The date for determining the rate of exchange at which South African currency will be converted into United Kingdom currency will be 11th April 1978. Payments in United Kingdom currency will be computed at a provisional rate of exchange of R.169 7805 Republic of South Africa currency equals £100 United Kingdom currency. Should there be any difference that may be regarded by the directors as material between the provisional rate and actual rate ruling on 11th April, 1978, or the first day thereafter on which the South African Reserve Bank is prepared to sell sterling, the London Transfer Office shall pay in United Kingdom currency calculated at the latter rate of exchange.
5. Members who desire to have their dividend warrants despatched to addresses other than their registered addresses or who desire to alter instructions already given in this connection must give notice to the Corporation to that effect on or before 23rd March 1978.
6. Members must, where necessary, have obtained the approval of the South African Exchange Control Authorities and, if applicable, the approval of any other Exchange Control Authorities having jurisdiction in respect of such changes as are referred to in paragraphs 4 and 5.
7. Dividends payable in respect of Coupon No. 127 detached from share warrants to bearer and lodged at the office of the London Secretaries on or before 4th April 1978 shall be paid in South African currency on or after 3rd May 1978 in accordance with any instructions that may be lodged with the coupon. Dividends payable in respect of Coupon No. 127 lodged after 4th April 1978, shall be paid in sterling from the office of the London Secretaries in accordance with a notice relating thereto which will be published on or about 13th April 1978.
8. Dividend payments will be subject to tax deduction wherever necessary in terms of the laws of the Republic of South Africa and the United Kingdom.
9. In regard to questions relating to the payment of dividends stated to be payable from Johannesburg, South African law shall apply and where payable from London, English law shall apply.
10. The Register of Members and transfer books of the Corporation will be closed from 25th March to 31st March 1978, both days inclusive.
11. Under the Republic of South Africa Income Tax Act, 1962, as amended, a non-resident shareholders' tax of 15 per cent has been imposed on that proportion of the dividend declared deemed to be payable out of profits earned in South Africa. Accordingly a deduction in respect of this tax at the effective rate of 14.97 per cent will be made from distributions of the above mentioned dividend to members whose registered addresses are outside the Republic of South Africa and to persons surrendering coupons detached from share warrants to bearer irrespective of domicile.

By Order of the Board
per pro. UNION CORPORATION (U.K.) LIMITED
London Secretaries
L. W. Humphries

London Secretaries:
Princes House,
95 Gresham Street,
London EC2V 7BS.
London Transfer Office:
Hill Samuel Registrars Limited,
6 Greencoat Place,
London SW1P 1PL.
8th March 1978.

UNILEVER N.V.

4% Redeemable Cumulative Preference sub-shares of Fl.12 issued by N.V. Nederlandsch Administratie- en Trustkantoor

The second half yearly dividend for 1977 of 2% (Fl.0.24) Serial No. 63 will be paid on and after 3 April 1978. To obtain this dividend certificates must be listed on listing forms obtainable from one of the following banks. The listing form includes an undertaking to mark the certificates which need not be lodged with the form.

Midland Bank Limited, New Issue Department, Mariner House, Pepys Street, London EC3N 4DA.

Northern Bank Limited, 2 Waring Street, Belfast BT1 2EE.

Allied Irish Banks Limited, Securities Department, 3/4 Foster Place, Dublin 2.

Clydesdale Bank Limited, 30 St. Vincent Place, Glasgow.

Fuller details of the dividend may be obtained from the above named banks on and after 31 March 1978.

The Register of Certificates for these sub-shares will be CLOSED from 17 to 30 March 1978 both dates inclusive.

Exchange of Original Shares for Certificates of sub-shares and vice versa after 16 March 1978 will be on "Ex Dividend" basis.

N.V. NEDERLANDSCH ADMINISTRATIE- EN TRUSTKANTOOR

London Transfer Office:
Unilever House,
Blackfriars,
London EC4P 4BQ.
7 March 1978.

4% Redeemable Cumulative Preference Original Shares

The dividend will be paid against surrender of Coupon No. 63. Coupons should be sent to one of the Paying Agents in the Netherlands accompanied by an income tax form for relief from Dutch tax obtainable from Midland Bank Limited, New Issue Department, Mariner House, Pepys Street, London EC3N 4DA, from which fuller details of the dividend may be obtained.

EDGAR ALLEN, BALFOUR LIMITED

NOTICE IS HEREBY GIVEN that the Registers of Holders of the 5% Cumulative Preference Shares of £1 each, fully paid, will be closed from the 30th to the 31st March, 1978 inclusive, for the purpose of preparing Dividend Warrants for the half year to 31st March, 1978.

By Order of the Board
G. R. Woosey,
Secretary.

Sheffield Road,
Sheffield, S9 1RA.

LONDON AUSTRALIA INVESTMENT COMPANY LIMITED

NOTICE IS HEREBY GIVEN that duly completed transfers on the register of stockholders received up to 5 p.m. on 17 March, 1978 (Record Date), will be registered before entitlements are determined to a second interim dividend of 5½% (5.5 cents per share) to be paid on 3 April, 1978.

A. J. RICHTER, Registrar.

LEGAL NOTICES

No. 00700 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of PRALBENE CO. LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 28th day of February 1978, presented to the said Court by THE COUNCIL OF THE CITY OF SALFORD of Civic Centre, Chorley Road, Swinton, Manchester M27 2AD, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 10th day of April 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

SHARPE PRITCHARD & CO.,
109, Kingsway,
London WC2B 6PZ.
Ref: 14RR. Tel: 01-405 9574.
Solicitors for the Petitioner

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 7th day of April 1978.

No. 00701 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of VERCRAL CO. LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 28th day of February 1978, presented to the said Court by THE COUNCIL OF THE CITY OF SALFORD of Civic Centre, Chorley Road, Swinton, Manchester M27 2AD, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 10th day of April 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

SHARPE PRITCHARD & CO.,
109, Kingsway,
London WC2B 6PZ.
Ref: 14RR. Tel: 01-405 9574.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 7th day of April 1978.

No. 00713 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of INTEGRATED RECLAMATION AND DREDGING COMPANY LIMITED and in the Matter of The Companies Act 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 1st day of March, 1978, presented to the said Court by FOSTER YEOMAN LIMITED whose registered office is at Torr Works, East Cranmore, Shepton Mallet, Somerset, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 10th day of April, 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

ROBBINS OLIVEY & LAKE,
215, Strand, London WC2R 1AU.
Ref: PM/F16. Tel. 01-353 5721.
Agents for Burges Salmon & Co. of Bristol.
Petitioning creditors solicitors.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any), and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 7th day of April, 1978.

U.K. ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output, engineering orders, retail sales volume (1970=100); retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unem-ployed	Vacs.
1977							
1st qtr.	103.3	105.3	111	103.3	216.4	1,330	na
2nd qtr.	102.0	102.9	105	102.5	222.0	1,330	163
3rd qtr.	102.5	103.6	108	104.3	234.2	1,418	151
4th qtr.	101.5	102.5		104.4	239.4	1,431	157
Sept.	103.4	103.3	106	103.5	235.0	1,446	143
Oct.	101.2	102.2	106	102.7	234.2	1,432	153
Nov.	101.3	101.9	99	103.1	236.3	1,433	156
Dec.	102.1	103.3		106.9	246.0	1,428	163
1978							
Jan.				104.9	241.0	1,419	180
Feb.						1,409	187

OUTPUT—By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1970=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	House. starts*
1977							
1st qtr.	116.4	99.0	106.2	100.2	83.9	105.1	19.9
2nd qtr.	113.3	97.9	105.0	98.9	80.4	99.3	22.4
3rd qtr.	115.2	97.8	104.7	99.2	83.3	101.4	24.4
4th qtr.	116.1	97.1	101.2	98.9	74.2	100.1	20.6
Sept.	115.0	97.0	105.0	99.0	85.0	102.0	28.2
Oct.	116.0	97.0	100.0	99.0	75.0	101.0	24.7
Nov.	115.0	97.0	101.0	99.0	70.0	99.0	21.2
Dec.	118.0	97.0	102.0	100.0	77.0	101.0	15.9
1978							
Jan.							17.8

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance; oil balance; terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1977							
1st qtr.	115.7	109.1	−949	−535	−800	99.0	10.5
2nd qtr.	117.9	109.8	−769	−351	−745	100.3	14.9
3rd qtr.	124.2	106.4	+46	+495	−602	100.9	13.4
4th qtr.	117.9	102.7	+65	+500	−657	102.7	20.39
Sept.	125.9	107.5	+52	+202	−207	101.6	17.17
Oct.	119.6	101.4	+65	+210	−228	102.1	20.21
Nov.	115.2	98.5	+71	+216	−154	102.7	20.39
Dec.	118.9	108.1	−71	+74	−275	103.4	20.56
1978							
Jan.	112.7	114.4	−324	−179	−236	105.6	20.87
Feb.							20.7

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m.); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m.	BS inflow	HP lending	MLR %
1977							
1st qtr.	1.3	−8.8	5.3	−1,857	492	1,008	10¼
2nd qtr.	22.7	15.3	5.6	2,040	1,290	1,049	8
3rd qtr.	36.7	14.9	20.3	−473	1,084	1,151	7
4th qtr.	21.3	14.1	8.3	247	1,565	1,184	7
Sept.	36.7	14.9	20.3	122	462	388	6
Oct.	35.6	17.0	4.9	336	590	371	5
Nov.	41.5	19.5	6.1	297	554	402	7
Dec.	21.3	14.1	8.3	107	421	411	7
1978							
Jan.	24.4	16.5	13.4	354	388	425	6½
Feb.							6½

INFLATION—Indices of earnings (Jan. 1976=100), basic materials and fuels, wholesale prices of manufactured products (1970=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1977							
1st qtr.	112.5	341.5	248.0	174.1	184.7	276.4	61.8
2nd qtr.	114.5	347.7	259.2	181.9	191.1	250.0	61.6
3rd qtr.	116.1	340.5	267.7	184.7	192.1	239.9	61.8
4th qtr.	119.9	330.6	272.1	187.4	193.3	234.20	63.3
Sept.	116.6	338.1	269.2	185.7	192.5	241.6	62.4
Oct.	117.9	333.8	271.0	186.5	192.3	236.38	62.5
Nov.	120.1	329.9	272.0	187.4	192.9	238.34	63.6
Dec.	121.6	328.0	273.3	188.4	194.8	234.20	63.8
1978							
Jan.		324.9	277.0	189.5	196.1	226.41	66.0
Feb.		323.3	279.2			224.86	65.2

* Not seasonally adjusted.

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Steadier tone persists in early trade

BY OUR WALL STREET CORRESPONDENT

NEW YORK, March 8.

SHRUGGING OFF dollar weakness abroad and uncertainty about the energy and coal strike situations, Wall Street held to yesterday's steadier note this morning with prices looking narrowly mixed at mid-session.

The Dow Jones Industrial Average fluctuated a little to show

Closing prices and market reports were not available for this edition.

no net change at 746.79 at 1 p.m., while the NYSE All Common Index was unaltered at $48.62 after moving in similar fashion. Turnover increased modestly to 13.87m. shares from 13.15m. at 1 p.m. yesterday.

Analysts said, however, that the steadier tone is not likely to last unless there is a sharp recovery of the dollar and a breakthrough in Congress on the Energy Bill.

Among companies reporting higher earnings, Woolworth rose ½ to $18¾ and J. C. Penney were up ¾ at $34⅝. H. J. Heinz, which raised its dividend 4 cents to 40 cents, put on ⅜ to $37⅞.

Actively-traded International Business Machines, after yesterday's $3⅞ rally, resumed its downward course, losing $3½ to $241½.

Gold Mining shares remained strong on the jump in Bullion prices overseas. Dome Mines rose 1½ to $69, Campbell Redlake 1⅛ to $36½, and Rosario Resources $1 to $22.

Teledyne fell 1⅜ to $71⅞ and Standard Oil of Ohio 1¼ to $60. Du Pont, which is suing Beckman Instruments over patents, eased ¼ to $100¼, while Beckman shed ½ to $25½.

THE AMERICAN SE Market Value Index regained 0.27 more to 123.50 in reduced activity. Volume 1.52m. shares (1.76m.).

Houston Oil and Minerals, the volume leader on the Amex, recouped a further ⅝ to $22⅝.

TUESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Kennecott Copper	302,400	24⅞	+⅛
Tropicana	255,000	43½	−⅛
Howard Johnson	221,600	12⅜	−⅞
Amer. Tel. and Tel.	181,400	60⅞	+⅛
IBM	166,700	244⅛	+3⅞
Ryder Systems	154,000	15⅞	−⅛
Fort Howard Paper	152,000	28	+⅛
General Motors	143,400	58	−⅛
K-Mart	142,600	24½	+⅛
Hercules	131,800	12⅛	—

OTHER MARKETS

Canada higher

A further improvement occurred on Canadian Stock Markets in a fairly active early trade yesterday, with Golds featuring strongly on higher Bullion prices and advancing 43.2 to 1390.8 on index at noon.

The Toronto Composite Index added 1.0 at 1,021.1 and Papers 0.25 at 95.19, but Utilities shed 0.32 to 168.31.

PARIS—With only three trading sessions left before the first round of the French elections, Bourse prices retreated afresh before recovering on late intervention by institutional investors to finish with a majority of gains on the day.

These were headed by Sacilor and Usinor, which advanced around 5 per cent., followed by Schneider, Sagem, L'Oreal and Dumez.

BRUSSELS—Local issues again showed no clear trend, although trading was livelier.

Intercom, which announced plans for a rights offer, declined 10 to B.Frs.1,835.

Vieille Montagne retreated 20 to B.Frs.1,356, but Societe Generale Banque rose 90 more to B.Frs.2,895.

AMSTERDAM—Shares remained irregular in slow trading.

Hoogovens and Royal Dutch eased a little in otherwise unchanged Dutch Internationals.

Banking and Insurance stocks held to a firmer course, with Nationale Nederlanden ending Fls.2.60 higher.

Bols, Deli and Gist Brocades were notably easier, while Pakhoed, awaiting the 1977 results, held steady at Fls.35.20.

GERMANY—Market generally closed in firmer fettle after encountering some large purchases from major investors.

Banks were led higher by Deutsche, up DM2.50, while elsewhere, Siemens rose DM1.70, Rosenthal DM5, Harpener DM4.50, and VEW DM2.50.

Demag added DM2 after the company stated that 1977 profits were above the previous year's level, but Linde shed DM1 following news that its dividend for 1977 will be unchanged.

The success of the medium-term Kassenobligation Federal note issues, which resulted in acceptances worth DM1.7bn., helped to stabilise Public Sector Bonds after recent weakness, prices closing narrowly mixed.

SPAIN—Market continued testing new low levels, the General Index sinking 0.94 further to 89.59. Galerias Preciados remained under heavy pressure and receded another 4 points to 74, still reflecting disappointment with the 1977 results. Papalera Espanola were also over-offered and declined 2½ to 47½.

SWITZERLAND.—Share prices rallied slightly in moderate trading following the recent marked depression stemming from the ban of foreign purchases of Swiss securities.

In Financials, buying at the lower levels was particularly active, with Oerlikon-Buehrle Registered and Societe Internationale Pirelli staging a useful recovery.

MILAN — Stock prices wilted across a broad front in moderate activity.

TOKYO—Share prices were easier for choice in mixed trading with export-orientated issues making the worst showing following the Yen's appreciation against the U.S. dollar. The Nikkei-Dow Jones Average declined 18.62 to 5,190.62. Volume 350m. shares (300m.).

Toyota Motors lost Y12 to Y888, Toyo Kogo Y8 to Y322, Victor Y60 to Y1,210, Matsushita Electric Y8 to Y625, and Nippon Kogaku Y5 to Y380.

However, speculatives, including Mitsumi Electric, and Pharmaceuticals, met selective support, while Foods also gained ground.

HONG KONG—Secondary issues attracted buyers, but Blue Chips tended to weaken.

Hong Kong Bank declined 30 cents to $HK17.20 on Overseas selling, while Jardine Matheson receded 20 cents to $HK12.30 and Swire Pacific 5 cents to $HK5.60.

New World added 2 cents at $HK1.54 in firm Properties.

JOHANNESBURG—Golds were mostly firmer in fairly busy trading.

Elsewhere, De Beers featured with an advance of 28 cents to R5.53 on satisfaction with the results.

AUSTRALIA—Markets displayed a firmer inclination, with Industrial leader BHP gaining another 4 cents to $A5.40.

Woolworths rose 6 cents to $A1.59, while similar improvements occurred in Carlton United Brewery, $A1.78, and C. J. Coles, $A1.85.

Lennard Oil put on 3 cents to 23 cents, while Woodside hardened 3 cents more to 76 cents.

In the Mining sector, Central Norseman added 16 cents at $A9.46 and Bougainville Copper 3 cents at $A1.02 but Hammersley shed a further 3 cents to $A2.05 and Utah eased 5 cents to $A2.95.

Indices

NEW YORK—DOW JONES

	Mar. 7	Mar. 6	Mar. 3	Mar. 2	Mar. 1	Feb. 28	1977-78 High	1977-78 Low	Since compilat'n High	Since compilat'n Low
Industrial	746.79	742.72	747.51	748.45	745.88	742.12	999.75 (3/1/77)	742.12 (28/2/78)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	88.52	88.58	88.50	88.46	88.46	88.45	95.87 (7/3)	88.38 (25/1/78)	—	—
Transport	199.99	199.75	201.55	201.84	201.11	201.40	246.64 (15/6)	189.50 (25/10)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	104.59	103.72	105.06	105.45	105.66	105.26	118.67 (22/2/77)	102.54 (22/2/78)	163.32 (20/4/69)	10.58 (22/4/42)
Trading vol. 000's †	18,900	17,250	20,120	20,280	21,010	19,760	—	—	—	—

* Basis of index changed from August 24.

	Mar. 3	Feb. 24	Feb. 17	Year ago (approx.)
Ind. div. yield %	6.22	6.14	6.15	4.45

STANDARD AND POORS

	Mar. 7	Mar. 6	Mar. 3	Mar. 2	Mar. 1	Feb. 28	1977-78 High	1977-78 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	96.66	96.52	98.16	98.02	95.86	96.74	118.92 (3/1/77)	95.52 (6/3/78)	134.54 (11/1/73)	3.52 (30/6/32)
Composite	87.55	86.90	87.45	87.59	87.18	87.04	107.00 (3/1/77)	86.90 (6/3/78)	125.85 (11/1/73)	4.40 (1/6/32)

	Mar. 1	Feb. 22	Feb. 15	Year ago (approx.)
Ind. div. yield %	5.67	5.47	5.55	4.15
Ind. P/E Ratio	8.40	8.45	8.67	10.83
Long Gov't. Bond yield	8.25	8.27	8.25	7.78

N.Y.S.E. ALL COMMON

Mar. 7	Mar. 6	Mar. 3	Mar. 2	1977-78 High	1977-78 Low
48.62	48.57	48.87	48.88	57.07 (4/1/77)	48.37 (6/3/78)

Rises and Falls

	Mar. 7	Mar. 6	Mar. 3
Issues traded	1,887	1,836	1,820
Rises	834	405	734
Falls	519	942	552
Unchanged	484	489	534
New Highs	—	18	35
New Lows	—	84	51

MONTREAL / TORONTO / JOHANNESBURG

[illegible]

Other indices (Australia, Belgium, Denmark, France, Germany, Holland, Hong Kong, Italy, Japan, Singapore, Spain, Sweden, Switzerland)

[illegible]

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
♦ DM50 denom. unless otherwise stated. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ♠ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross. div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

OVERSEAS SHARE INFORMATION

Inv. $ Prem. at $2.60 to £—83⅞% (85⅛%)
Effective rate (at 1.9340) 37⅞% (38%)

NEW YORK

[illegible]

CANADA

[illegible]

GERMANY ♦

Mar. 8	Price Dm.	+ or −	Div. %	Yld. %
AEG	88.7	+0.2	—	—
Allianz Versich	485	+9	18	1.9
BMW	227.5	−1.4	20	4.3
BASF	157.9	+0.5	17	5.2
Bayer	138.3	+0.7	18	—
Bayer Hypo	297	+1.8	20	3.4
Bayer Vereinsbk	323	+4	20	3.1
[illegible]				

AMSTERDAM / COPENHAGEN ♣ / VIENNA / TOKYO ¶ / BRUSSELS/LUXEMBOURG / SWITZERLAND ♦ / PARIS / MILAN / STOCKHOLM / AUSTRALIA / BRAZIL / OSLO / JOHANNESBURG / SPAIN ♥

[illegible]

Yen volatile

Speculative pressure moved to the Japanese yen in the foreign exchange market yesterday, partly as a reaction to recent measures to prevent further foreign money moving into Switzerland and fears that similar restrictions may be under consideration in Germany.

Interest has therefore turned towards the yen, since the scope for a continued appreciation of the Swiss franc and D-mark against the dollar is likely to be more limited.

The dollar opened at Y235.20 against the yen, and fell to Y232.75, before improving to Y234.20 at the close, compared with Y235.30 on Tuesday. Japanese commercial banks in London may have intervened to support the dollar, as agents for the Bank of Japan, following earlier intervention by the central bank in Tokyo.

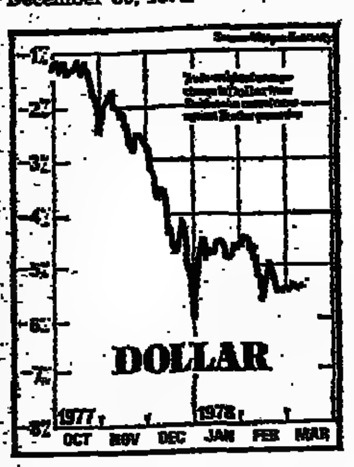
Market rumours about a return to work by some U.S. miners was probably behind the dollar's late recovery against major currencies. It rose to DM2.0237½ against the D-mark, from DM2.0132½ on Tuesday, and to Sw.Frs.1.8925 in terms of the Swiss franc, from Sw.Frs.1.8745.

Morgan Guaranty's calculation of the dollar's trade-weighted depreciation narrowed to 5.41 per cent. from 5.47 per cent., but its index, on Bank of England figures, fell to 90.0 from 90.1.

Sterling's index, as calculated by the Bank of England, was unchanged at 65.1, after standing at 65.0 at noon, and 65.2 in the morning.

The pound touched a best level of $1.9390-1.9400, and closed at $1.9335-1.9345, a fall of 35 points on the day.

Gold rose $3½ to $189½-190, the highest closing level since December 30, 1974.



CURRENCY RATES

	Special Drawing Rights March 7	European Unit of Account March 7
Sterling	0.654828	0.646622
U.S. dollar	1.22706	1.25131
Canadian	1.37946	1.40241
Austria sch	18.0165	18.3267
Belgian franc	38.8364	39.6040
Danish krone	6.87276	7.01153
Deutschem'rk	2.497007	2.54556
Dutch guilder	2.65579	2.71889
French franc	5.88007	5.99376
Italian lira	1047.02	1067.97
Japanese yen	289.341	296.332
Norway krone	6.54789	6.66522
Spain peseta	98.3881	100.371
Swedish krone	5.64816	5.76729
Swiss franc	2.33264	2.37391

EXCHANGE CROSS-RATES

Mar. 8	Frankfurt	New York	Paris	Brussels	London	Amst'd'm	Zurich
Frankfurt	—	2.0125-40	41.35-42.10	6.385-405	3.895-905	93.66-66	106.25-7.05
New York	49.54-58	—	20.88-88	3.1800-50	1.9335-9345	46.30-34	53.05-15
Paris	237.93 5.48	4.7695-7715	—	15.211-245	9.22-27	222.30-50	253.41-91
Brussels	15.61-67	31.38-41	6.56-58	—	60.79-84	14.59-65	16.66-74
London	3.91-92	1.9335-9345	9.27-28	60.60-90	—	4.17¼-18¼	3.65¼-65¾
Amst'dam	107.105-55	2.1462-87	44.98-45.03	6.5465-8503	4.1625-1675	—	114.065-105
Zurich	93.445-535	1.8880-895	39.438-582	6.0044-0261	3.6546-6656	87.555-691	—

U.S. $ in Toronto U.S. $ = 112.42-45 Canadian cents. Canadian $ in New York = 88.80-82 cents. U.S. $ in Milan 858.50-60. Sterling in Milan 1660.25-1661.50. *Rates for Mar. 7.

EURO-CURRENCY INTEREST RATES*

[illegible]

GOLD MARKET

[illegible]

FOREIGN EXCHANGES

[illegible]

OTHER MARKETS

[illegible]

FORWARD RATES

[illegible]

Sugar price declines further

By Our Commodities Staff

[WOR]LD SUGAR prices fell to [the] lowest level since mid-November yesterday as dealers dis[coun]ted rumours of substantial [Ru]ssian buying. In the morning [the] London daily raws price was [fixed] £1 lower at £100.5 a tonne [and] by the close the August posi[tion] on the futures market was [£1.]5 lower at £109.05 a tonne.

[In] the morning traders sug[gest]ed that expectations of in[crea]sed EEC white sugar export [sales] at the weekly Brussels [tend]er might be depressing mar[ket] sentiment. Later the EEC [Com]mission announced that ex[port] authorisations had been [gran]ted for 45,000 tonnes of [whit]e sugar, compared with [...]0 tonnes last week.

[Th]e decline in the market this [wee]k seems to be due more to [...]e" than concrete funda[men]tal news, of which there [has] been very little. Statistician [F.]O. Licht's increased estimate [of E]uropean beet plantings, an[noun]ced on Tuesday, was still [thou]ght to be affecting values [yest]erday and a slight cut in the [U.S.] Agriculture Department's [worl]d crop estimate yesterday [did] little to relieve the apparent [nerv]ousness of the market.

[Th]e department now puts the [crop] at 90.3m. tonnes, 1 per cent. [belo]w its previous estimate but [...]4 per cent. above the 1976-77 [...]. The surplus over consump[tion] is put at 4.6m. tonnes.

Penalties for potato default

WASHINGTON, March 8.

[TH]E "POTATO KING," Mr. John [Sim]plot, and two other traders [wer]e fined and suspended in [con]nection with the much-publi[cise]d default on the Maine [pota]toes futures contract in May [197]6.

[T]he Commodity Futures [Tra]ding Commission charged the [thre]e men with defaulting on [the] delivery of about 50m. [pou]nds of potatoes promised for [deli]very in May 1976.

[T]he commission said the [pen]alties were among the most [seve]re it has levied.

[M]r. Simplot will be suspended [fro]m trading on any commodity [fut]ures exchange for six years [and] was fined $50,000. His penalty [also] settles a separate complaint [char]ging that he manipulated the [pri]ce of Idaho potatoes slated for [deli]very in 1974.

[A]nother trader, Mr. Peter [...]gares, will be suspended for [...] years. He was fined $15,000. [...] Dean Summers agreed to a [...]year suspension and a $2,000 [...]

New surge in platinum and silver markets

BY JOHN EDWARDS, COMMODITIES EDITOR

THE STERLING price of platinum surged to a record £124.30 an ounce on the London free market yesterday, spurred by the rise in gold which also brought a sharp rise in silver prices.

The rise of £3.45 in platinum took the free market price above the previous peak reached in 1974. The dollar price, which rose $6.50 to $240.5 an ounce, is, however, still well below the 1974 levels of more than $300.

London dealers said the higher prices reflected the upward trend in New York overnight and the continued scarcity of supplies to meet demand.

The Japanese are reported to be eager buyers while the Soviet Union—one of the main suppliers to the free market—is apparently still not selling. It is considered only a matter of time before Impala will follow Rustenburg's recent move to lift its producer price from $205 to $220 (£114.5) now that the platinum market is moving up again.

The rise in gold was the main feature behind a sudden surge in silver prices to the highest level since May last year. Yesterday the London bullion spot quotation was raised 12.15p to

274.65p an ounce, reflecting the overnight rise in the U.S.

London Metal Exchange cash silver closed in the afternoon at 275.3p an ounce, 8.2p higher than the previous close.

During the previous rise in gold, silver was largely ignored with U.S. speculators apparently preferring to buy gold since industrial consumption of silver remains depressed and there are plenty of supplies available to the market.

It is now considered that the ratio between gold and silver had grown too wide, however, and once buying interest was generated it uncovered an oversold market. Dealers who had sold short were forced to cover their positions by purchases which accelerated the upward trend.

There was a temporary setback when the director of the U.S. Federal Preparedness Agency confirmed that the Carter Administration supported the idea of a fund for the acquisition and disposal of stockpile materials, since silver is one of the surplus materials planned to be sold. The market, however, recovered quickly.

Also affected by the stockpile announcement is tin, which fell yesterday on expectations that there is now more chance of the Administration's proposed sales programme being approved by Congress. Cash tin closed £30 lower at £6.105 a tonne.

In contrast copper may be purchased for the stockpile. It was further boosted yesterday by the rise in silver. Cash wirebars gained £7.5 to £638.25 a tonne.

Wool price guarantee frozen

BY CHRISTOPHER PARKES

THE PRICE guaranteed to British farmers for their lamb this year has been increased 10.4 per cent. to 127p a kilo. But because of the depression prevailing in the wool market the Ministry of Agriculture has chosen to leave the guaranteed price for wool unchanged at 110p a kilo.

The Ministry estimates that because prices for the 1977 wool clip have been generally below the guaranteed level, £3m. to £3.5m. will have to be paid in the current season from the special account maintained by the British Wool Marketing Board for topping up farmers' prices.

Spending on support in the lamb trade has been negligible since for most of the past year market prices have been well above the guaranteed level.

Mr. Walter Elliott, chairman of the Wool Board, was disappointed. "It's sad that there is no recognition of farmers' increased costs and rises in marketing expenses."

Wool traders were not surprised by the Government's restraint. One merchant specialising in British wool pointed out that the guarantee had been increased dramatically last year—by more than 30 per cent.—and market conditions did not justify a further rise in the guarantee.

With 70 per cent. of the 1977 clip sold, prices are still 7p-8p a kilo below the guaranteed level. Although British wool has recently acquired some scarcity value and prices seem to be growing firmer, the new season's clip will soon be appearing on the market. Then prices can be expected to suffer.

The special account, built up with money from times when market prices of wool exceed the guarantee, contains about £7m. Most was banked during the boom year of 1976. Should the account be overdrawn the balance is usually corrected by contributions from the Exchequer.

The Ministry said yesterday the guaranteed price for mutton and lamb would remain in force until the national provisions were superseded by a Common Market regime governing trade in sheepmeat, proposals for which are in preparation.

Officials stressed that the lamb price guarantee would not affect shop prices. The aim is mainly to protect farmesr by putting a "floor" in the market, using deficiency payments to raise producers' returns on the rare occasions when market prices drop below the guarantee.

Reuter reports from Brussels that Common Market plans to regulate the mutton and lamb market will include a safeguard clause which could shut out New Zealand imports if domestic prices fall.

Commission experts have completed drafting of proposals which are due to be discussed by the Commission on March 22 and then sent on to the Council of Ministers.

An early decision is unlikely because of differences of opinion between Britain and France, the EEC's main sheep producing nations.

U.S. trims coffee estimate

By Richard Mooney

THE U.S. Department of Agriculture estimates world coffee production for the 1977-1978 season at 68.5m. bags (60 kilos each), 2 per cent. below its previous estimate. But the expected total is still 7m. bags above the 1976-77 total.

The department's estimate of world exportable production has been reduced by 1.19m. bags to 50.8m. In 1976-77 only 44.4m. bags were available for export.

Declining crop prospects in El Salvador and Guatemala are mainly responsible for the reduced estimate, the department said.

Despite the steadying influence of the departments announcement coffee futures prices on the London market ended at new 18 month lows yesterday. The May delivery position closed £24 down on the day at £1,380.5 a tonne, after slipping to £1,360.

The decline was attributed by market sources to a mixture of dealer, commission house and chartist selling which continued to reflect the lack of co-ordination among mild coffee producers' sales policies. Uncertainty ahead of to-day's meeting of Central American producers in El Salvador contributed to the decline.

The meeting has been called to seek a strategy to halt the sharp decline in world prices. Delegates are expected to discuss the fixing of a minimum acceptable price (reportedly $2 or $2.10 a pound) and the practicality of withholding coffee from the market.

Bigger rise in U.S. soyabean area forecast

HUDSON, IOWA, March 8.

THE INCREASE in U.S. soyabean plantings this year will be greater than that projected by the U.S. Department of Agriculture in its January planting intentions report, according to a special report in the March 6 issue of the American Soybean Association's weekly report.

Plantings are running 10 per cent. above those of last year in South Carolina and 25 per cent. higher in Georgia, the report said.

East of the Mississippi planting intentions are 10 per cent. above those of last season. A similar figure is expected in Iowa.

In January the department estimated that soyabean planting intentions exceeded last year's performance by 8.2 per cent.

Reuter

U.K. spends £1bn. on meat, stock imports

BY CHRISTOPHER PARKES

BRITAIN SPENT £958m. last year on imported meat to cover the shortages in home production, compared with £827m. in 1976. The bill for imports of livestock took the total cost to well over £1bn. for the first time. But this was balanced to some extent by earnings of £285m. on exports of meat and animals.

Much of the extra spending went on beef from Ireland. Of the 258,000 tonnes of beef and veal imported—44,000 tonnes more than in 1976—almost half came from Ireland. The cost of all beef imports was almost £240m. compared with £182m. the previous year.

Lamb imports fell slightly. Pork purchases rose—this is surprising, in view of the heavy home production and depressed prices for most of the year.

Bacon and ham imports also increased for the first time since Britain joined the Common Market, going up almost 4 per cent. to 279,000 tonnes.

The Danes still have the lion's share of the import trade, of course, but Holland, a relatively new contender in the market, is making rapid gains. Imports last year from the Netherlands were 31,000 tonnes compared with 25,500 tonnes in the previous year and 10,000 tonnes in 1973.

While imports from all other traditional suppliers have been slipping relentlessly year after year, the Dutch are making consistent gains. In 1974 Denmark had 45 per cent. of the U.K. bacon market and the Dutch 2.2 per cent. Now, according to the Dutch Meat bureau, the Danes have lost 1 per cent. while Holland claims 6 per cent. of total sales.

The Dutch export about 60 per cent. of their annual pork output of about 1m. tonnes, and Britain buys about half the country's 100,000-tonne a year production of canned and processed pigmeat on top of its imports of bacon.

Another interesting development last year was the surge in sales to France of British cattle for breeding and bull calves for fattening. Sales of breeding cows were about normal at 18m. head, but French purchases almost doubled to more than 8m.

All countries were attracted by the low prices of calves in Britain early last year. Farmers say the slump began because of the lack of confidence in beef production in the U.K. Then, as overseas interest increased during the year, prices began to climb and British farmers, who were gradually growing more attracted to the beef enterprise found themselves priced out of the market by high-bidding foreign buyers.

The French were busiest, taking home 182,000 bull calves to replace those they had sold to the top-price market in Italy. It is suspected that they transhipped some of their purchases directly into the Italian vitellone-rearing yards.

Belgium and Luxembourg also increased their purchases from 50,000 calves in 1976 to 67,000. And U.K. exporters managed to cash in on the Italian market directly, sending almost 60,000 head there.

Ireland, too doubled its imports to 26,000 head, doubtless to build up its beef herds, which have been seriously depleted by the heavy slaughterings undertaken to supply the British beef market.

As well as fattening up British stock to sell the animals back in the form of butchers' meat, the Irish have been spending heavily on sheep from the U.K. Sheep farmers in Ireland have apparently started building up their flocks again after years of steady decline. Last year they bought 154,000 head compared with an annual average of 85,000 for the past five years.

With free access to the French market for lamb guaranteed at least until the European Court of Justice clamps down, further expansion can be expected this year.

The Meat and Livestock Commission's monthly statistical report.

'Scare' Jaffas go for juice

BY OUR OWN CORRESPONDENT

TEL AVIV, March 8.

THE RECENT SCARE over Israeli oranges "poisoned" with mercury resulted in 2m. cases of Jaffas for the fresh fruit trade—between 30,000 and 40,000 tonnes—being diverted to juice-making factories.

However, orders are now reported to be virtually back to normal as Israeli growers look forward to starting the harvest next week of "valencia" oranges, the second most important type grown.

Traders claim that unless other adverse circumstances, such as inclement weather or strikes, intervene, exports of fresh fruit should still reach 47 to 48m. cases.

Prices so far have been above last season's levels on the average, and agricultural exports are one of the branches least affected by the decline in the dollar since only a small proportion of business is done in that currency.

Because of the diversion of fresh fruit, 520,000 tonnes of oranges will be processed this year compared with 480,000 tonnes in the 1976 to 1977 season.

That, however, should not pose a problem as there are no stocks left from the last season, and most of the prospective output of canners, juice producers and manufacturers of pectin has been contracted for.

Our correspondent in Johannesburg reports: Despite heavy hail during January in the Western Cape, South Africa's major fruit producing region, the Deciduous Fruit Board is confident that exports of most varieties this year will exceed or come close to last year's shipments.

The Board says the export apple crop is expected to reach 10.8m. cartons this year, compared with last year's poor harvest of 6.6m. and 1976s 10.6m. carton record. Before the hail, it was hoped that the crop might reach 11m. cartons.

This year's export pear crop is estimated at 2.4m. cartons, compared with 2.7m. last year. Since hail damage was confined mostly to the Bon Chrétien variety, the main canning pear, it is likely that South African canned pear exports will also be lower than last year.

The Board expects, however, that the export grape crop will, at 4.8m. cartons, be about 0.9m. up on last year. Plum and apricot exports should also be slightly higher, though peaches are likely to be down from 226,000 cartons last year to 175,000.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

[illegible]

SILVER

[illegible]

COCOA

[illegible]

COFFEE

[illegible]

GRAINS

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

Sales: 2 (nil) lots of 1,500 kilos.

SYDNEY GREASY (in order buyer, seller, business. Sales)—Micron contract: March 338.5, 339.5, 339.0-339.0, 21; May 345.0, 345.2, 346.0-344.5, 14; July 350.7, 351.0, 351.0-350.7, 18; Oct. 354.1, 354.3, 354.3-353.5, 40; Dec. 356.5, 358.5, 358.5-359.0, 37; March 366.5, 367.5, 368.5-367.0, 50; May 371.0, 371.2, 371.3-370.5, 68; July 372.5, 372.8, 373.0-372.3, 58. Sales: 285 lots.

COTTON

[illegible]

JUTE

[illegible]

MEAT/VEGETABLES

[illegible]

India imports extra aluminium

NEW DELHI, March 8.

INDIA PLANS to import 10,000 tonnes of aluminium in addition to the 20,000 tonnes already contracted, the Government announced here.

The extra aluminium will be for delivery between May and August.

Reuter

PRICE CHANGES

Prices per tonne unless otherwise stated.

[illegible]

FINANCIAL TIMES

REUTER'S

DOW JONES

MOODY'S

[illegible]

U.S. Markets

Limit gains in silver; gold rises

NEW YORK, March 8.

[illegible]

PUBLIC NOTICES

DUDLEY METROPOLITAN BOROUGH

£2.7m. Bills issued 9th March, 1978, at 6 3-64% to mature 8th June, 1978. Total applications were £17.7m. and total outstanding was £4.050m.

EXETER CITY COUNCIL BILLS

£400,000 Bills issued 8th March 1978, due 7th June, 1978, at 6¼%. Applications totalled £1,600,000. £400,000 Bills are outstanding.

SOLIHULL METROPOLITAN BOROUGH

£1,500,000 Bills due on 7th June 1978, were offered on 8th March 1978, and were allotted at a rate of 6¼%. Applications totalled £15,000,000. These are the only Bills outstanding.

STOCK EXCHANGE REPORT

Busier Gilt-edged lead markets higher with gains to 3/4

Equities below best but index 2.6 up at 446.7 after 450.3

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Feb. 27	Mar. 9	Mar. 10	Mar. 21
Mar. 13	Mar. 30	Mar. 31	Apr. 11
Apr. 3	Apr. 13	Apr. 14	Apr. 25

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Stock markets fully maintained the firmer tendency which developed late on Tuesday on the better-than-expected February banking figures. British funds provided the lead and ended at the day's best with widespread gains extending to 3/4 and with both tap stocks at, or near, the levels at which they are expected to become operative.

The Government Securities index improved 0.38 for a rise of 0.81 in the last three days to 75.27, the announcement of the upturn in the underlying inflation rate revealed in the latest Price Commission indices coming too late to affect sentiment. The strength of the Funds helped to sustain the equity leaders which, although ending below the best, closed with small rises on balance.

Up by 6.2 at noon, the FT Industrial Ordinary share index was finally 2.6 up at 446.7. The morning rally was checked by the ICI chairman's remarks about the poor prospects for a pick-up in world trade in 1978. ICI shares closed a penny off at 337p, after 342p, while fairly numerous gains of 3 and occasionally more were posted by other index constituents.

The overall tone in equities was reflected in the FT-Actuaries with only two of the 46 group and sub-section indices recording quotable losses. The All-Share index ended 1.1 per cent. up at 196.01. The ratio of rises to falls in FT-quoted equities widened from 5:2 the previous day to 9:2, but the level of trade remained disappointing as measured by official markings of 4,546.

Currency hedge buying further boosted the gold bullion price which jumped $2¾ to $189⅝ an ounce. The Gold Mines index mirrored the strength of South African Gold shares with a rise of 3.6 more to 168.6, which is 6 per cent. up since Tuesday of last week.

Gilts near tap levels

Encouraged by recent indications that the growth in money supply had slackened, the Gilt-edged market resumed the previous day's late rise and such was the force of the movement its continuation to-day could see both taps in operation. Both ends of the sector experienced an increased trade and although the shorts closed fractionally below the best, gains of ⅛ were still established; the recently issued tap Exchequer 8¾ per cent. 1983 closed a shade better at 96⅞, the level at which the Government broker is expected to be a seller if tested for stock. Longer maturities rose as much as ¾ and the tap here, Exchequer 10¼ per cent. 1995, gained ¾ to 91¼, only ¼ below the GB's last comparative operational price. Reactionary tendencies appeared in both the shorts and the longs, but the stock coming on offer was eventually absorbed by fresh demand and late in the evening the former were making further slight progress, while the longs were again equalling the day's best. Scattered small gains occurred in Corporations with the notable exception of the recently-issued Grampian 10¾ per cent. 1985, which rose a point to 98¾.

Although trading within a narrow range, the market in investment currency had a particularly brisk morning session. The expanded business reflected two-way arbitrage operations, which in turn stemmed from yesterday's increased interest in South African Gold and other mining shares, together with a well-balanced institutional trade. The premium finally settled marginally higher at 83¼ per cent., after having fluctuated ½ either side of that rate. Yesterday's SE conversion factor was 0.7269 (0.7270).

Hambros better

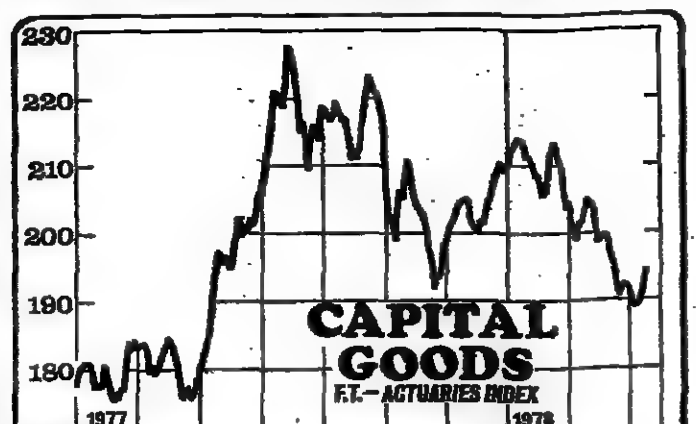
Merchant Banks gained ground in thin trading. Hambros, 9 higher at 172p, led the advance, while Mercury Securities and Schroders both improved 5 to 116p and 355p respectively. Hire Purchases also made useful progress with sentiment buoyed by the excellent results reported by Provident Financial on Tuesday; the latter hardened 3 more to 91p, and Wagon Finance put on 4 to 58p. The major clearers, however, closed easier, where changed, with Midland and NatWest 3 cheaper at 340p and 270p respectively.

Lloyds Brokers provided the main movements in a lethargic Insurance sector. Willis Faber put on 7 to 282p as did Alexander Howden, to 168p; the latter's preliminary results are due to-day.

Breweries fluctuated narrowly and closed little changed, although Bass Charrington finished 2 up at 148p, after 144p. Elsewhere, A. Bell rose 10 to 314p for a two-day speculative gain of 14, but Matthew Clark fell 8 to 128p on disappointment with the interim report.

Higher first-half earnings and the Board's optimistic views on second-half prospects helped Barratt Developments move sharply forward to touch 111p before closing 6 up on balance at 108p, while a good interim profits performance also buoyed G. H. Downing which rose 8 to 213p after 214p. Elsewhere in firm Buildings, buyers came for Marley, up 5 at 79p, and Tunnel B, a similar amount dearer at 230p. AP Cement closed 3 up at 232p.

ICI turned down from an initial firm level of 342p to 335p in reaction to the chairman's views on the outlook for world trade before rallying slightly to finish only a penny lower on the day at 337p. Albright and Wilson added 4 at 105p and Fisons edged forward 2 to 348p, after 353p.



Woolworth please

Stores were highlighted by a jump of 5½ to 68p in F. W. Woolworth following the annual profits which were well above market expectations. Other leaders in the sector closed higher, Gussies A rising 8 to 270p and Debenhams 4 to 98p. Gains of 3 were seen in Marks and Spencer, 143p, British Home, 183p, Burton A, 104p and House of Fraser, 127p. Elsewhere, good results and a proposed 25 per cent. scrip issue prompted a rise of 3 to 31p in Martin Ford while, responding to the reduced loss for the year, W. L. Pawson hardened 1½ to 29½p. Buyers came for A. Goldberg in the late dealings and helped the price improve 4 to 68p. Strong and Fisher, 6 down at 60p, were a notable casualty among Shoes in reaction to the sharp contraction in first-half earnings.

H. Wigfall closed 14 higher at 210p, after 215p, on the increased offer from Comet Radiovision which was immediately rejected. With Comet currently standing at 104p, the offer is worth nearly 273p per share. Elsewhere in the Electrical sector, Press comment on the annual results helped BSR improve 3 to 93p, while Racal, up 5 more at 212p, continued to reflect a broker's circular. MK Electric were again supported at 148p, up 5, and rises of 3 were seen in Fidelity, 72p, and Ward and Goldstone, 80p. Among the leaders, GEC rose to 233p before settling at 230p for a rise of 3 on balance, but EMI ended without alteration at 146p, after 148p.

Hawker Siddeley pushed ahead to close at the day's highest of 180p, up 6, but other Engineering leaders finished a few pence below the best. GKN ended 4 up at 272p, after 274p, and Tubes 2 firmer at 378p, after 380p. Elsewhere, more buying interest was in evidence than of late. Davy International put on 7 to 224p, while Acrow "A" met with occasional support and rose 4 to 73p. Hampson Industries held an early improvement at 12½p, following the increased interim dividend and profits, while Lake and Elliot gained 2 to 51p ahead of tomorrow's half-yearly results. Sporadic demand left Glynwed 3 dearer at 99p and Babcock and Wilcox a similar amount up at 111p. In contrast, the chairman's cautious annual statement prompted a fall of 3 to 80p in Record Ridgway.

Among Foods, J. Bibby picked up another 4 at 199p on further consideration of the preliminary figures. Small buying lifted Rowntree Mackintosh 9 to 363p, while Northern Foods put on 3 to 77p, as did Associated Dairies, to 213p. William Morrison continued firmly in Supermarkets, rising 4 to 182p for a two-day gain of 9.

Trust Houses Forte featured Hotels and Caterers with a jump of 8 to 177p, after 178p, on further consideration of the chairman's optimistic statement on prospects which accompanied the full report and accounts. Ladbroke rallied 3 to 173p despite official confirmation of a report that instant lotteries run on behalf of some charities could be liable to extra taxation.

Misc. leaders below best

The ICI chairman's gloomy remarks about world trade prevented the miscellaneous industrial leaders from closing at their best. However, improvements of between 6 and 9 were still achieved by Metal Box, 296p, Pilkington Bros., 435p and Reckitt and Colman, 404p. Scottish and Universal Investments revived with a rise of 5 to 99p, while Boots were 3 dearer at 196p, after 197p, and Bowater a similar amount higher at 178p, after 179p. Further consideration of the fourth-quarter profits helped Unilever harden 2 to 484p, after 488p, but Glaxo ran back from an early level of 598p to close a penny easier on balance at 592p. Beecham relinquished 2 to 590p, after 598p. Elsewhere, Avon Rubber added 5 to 184p on renewed speculative interest, while BTR rose 4 to 213p following the results and proposed 10 per cent. scrip-issue. Photo-Me International firmed 15 to 300p in a thin market. By way of contrast, Steetley shed 6 to 168p in reaction to the disappointing profits which fell £½m. short of earlier forecasts. Dealings were resumed in William Press which closed at 19p after a good business; dealings in the shares were suspended on Monday following news of the countrywide search of the company's offices by tax inspectors.

Motors and Distributors took a turn for the better helped by news that Japan had agreed to restrict shipments to the U.K. in 1978 to the same level as the previous year. Rolls-Royce hardened 2 to 67p, while Lucas Industries, 250p, and ERF, 110p, put on 3 apiece. Lex Service edged forward 1½ to 68p in anticipation of to-day's preliminary figures, while other firm spots included T. C. Harrison, 3 up at 96p, and Tate of Leeds, 4 better at 49p.

Thomson, at 172p, recovered 6 more of the ground recently lost, while Associated Newspapers improved 5 to 137p and Daily Mail "A" 4 to 272p. Elsewhere, Mills and Allen gained 10 to 167p.

Property shares took a distinct turn for the better as buyers began to show a little interest. Secondary issues to make useful headway included Apex, 220p, Churchbury, 250p, and Property Holdings, 317p, all of which gained 5. Still reflecting the projected bid, Property Investment and Finance improved 4 to a new 1977-1978 peak of 106p. Gains of 4 were also seen in Stock Conversion, 234p, and Property and Reversionary "A," 297p, while Daejan firmed 2½ more to 73½p and City Offices were similarly better at 56p. Among the leaders, Land Securities closed 2 up at 209p, after 210p, along with MEPC, a like amount higher at 118p, after 119p.

Awaiting to-day's annual results, Shell encountered occasional small buying and improved to close 7 dearer at 302p. British Petroleum were a relatively quiet market, but still managed to edge up a few pence to 726p. Among the speculative North Sea issues, Oil Exploration remained vulnerable after the previous day's setback on various adverse rumours and reacted afresh to 170p before recovering to settle at 178p for a fall of 4 on balance.

Overseas Traders to make progress included Sime Darby, 4 up at 104p, and James Finlay, 5 higher at 255p.

Investment Trusts made modest headway as institutional interest revived. Capital issues led the advance and City and Commercial rose 5 to 83p helped by its latest net asset valuation, while Dualvest, 170p, and New Throgmorton, 76p, put on 4 apiece. SPLIT edged forward 2½ to 32p. In Financials, R. Kitchen Taylor rose 3 to 68p on revised consideration of the results, but small nervous selling in front of to-day's results lowered Yule Catto 4 to 79p.

South African Industrials had contrasting movements in Tiger Oats, 5 easier at 300p despite the announcement of increased earnings, and S.A. Breweries, 3 better at 71p on buying in a thin market.

Guthrie came to the fore in Plantations, rising 10 to 280p on small buying in a restricted market.

Golds strenthen

South African Golds moved ahead for the sixth successive trading day in the wake of the further $2.75 rise in the bullion price to $189.625 per ounce—a three-day gain of $5.75 and its highest closing level since the end of December, 1974.

The Gold Mines index improved 3.6 more to 168.6 bringing the rise on the last six trading days to 9.7.

Uncertainty over the U.S. economic outlook and the possibility of a left-wing victory in the French general election fuelled the sharp rise in the bullion price and prompted the substantial demand for gold shares.

Buying of golds came from most quarters and profit taking was negligible. Heavyweights scored gains of up to ¾ as in Western Holdings, which moved up to a 1977-78 high of £19¾, while other issues to register new highs included Randfontein, ½ firmer at £36 and Free State Geduld, ½ better at £17⅞.

Medium-priced issues were featured by Winkelhaak, 29 to the good at a new high of 774p and Kinross, 26 up at a high of 391p. Among lower-priced stocks Deelkraal hardened 5 to 104p.

South African Financials also registered strong gains in sympathy with the bullion price and Golds. De Beers continued to draw strength from the record profits and increased final dividend; after a heavy turnover the shares settled at a new 1977-78 high of 329p, for a net gain of 7. Anglo American Investment Trust advanced £2½ to a high of £34⅞ reflecting its substantial holding in De Beers. Anglo American Corporation put on 4 to 282p and Union Corporation the same amount to 284p, the latter in front of the higher profits and final dividend.

The strong performance [illegible] "free market" platinum influenced a good Cape [illegible] for Rustenburg and Bishopsgate which both closed 4 higher [illegible] and 82p respectively.

In contrast with South [illegible] issues, London-registered [illegible] cials were quiet. Never[illegible] Gold Fields rose 4 to 1[illegible] Rio Tinto-Zinc 3 to 165p.

FINANCIAL TIMES STOCK INDICES

	Mar. 8	Mar. 7	Mar. 6	Mar. 3	Mar. 2	Mar. 1
Government Secs.	75.27	74.89	74.80	74.46	74.52	74.55
Fixed Interest	77.41	77.38	77.27	77.17	77.32	77.45
Industrial Ordinary	446.7	444.1	442.8	445.3	452.6	453.4
Gold Mines	168.6	165.0	163.3	162.9	162.4	162.1
Ord. Div. Yield	6.05	6.09	6.10	6.17	6.19	6.05
Earnings Y'ld % (full)	17.79	17.90	17.93	18.38	18.43	18.05
P/E Ratio (net) (*)	7.89	7.84	7.83	7.64	7.62	7.79
Dealings marked	4,546	4,589	4,177	4,874	4,592	4,284
Equity turnover £m.	—	61.25	46.30	67.77	63.05	62.81
Equity bargains total	—	13,100	11,098	9,943	12,845	11,480

10 a.m. 448.8. 11 a.m. 447.7. Noon 450.3. 1 p.m. 449.8. 2 p.m. 448.9. 3 p.m. 447.5. Latest Index 01-246 8026.

* Based on 52 per cent. corporation tax. † Nil=7.85.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1977/78 High	1977/78 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	79.85 (30/9)	60.46 (4/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1/78)	60.49 (4/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	549.2 (14/9)	357.6 (12/1)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	174.5 (18/10)	95.1 (1/2)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Mar. 8
—Daily	
Gilt-Edged	167.3
Industries	145.1
Speculative	53.4
Totals	103.5
5-day Average	
Gilt-Edged	155.7
Industrials	144.6
Speculative	44.2
Totals	101.1

OPTIONS TRADED

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar. 7	Mar. 20	Jun. 8	Jun. 21
Mar. 21	Apr. 10	Jun. 22	July 5
Apr. 11	Apr. 24	July 6	July 19

For rate indications see end of Share Information Service

Stocks favoured for the call included Brittania Arrow, Premier Consolidated Oil, Ladbroke Warrants, British Syphon, Tricentrol, English Property [illegible] spur, Ultramar, [illegible] Morris, Burmah Oil, Cutter [illegible] Bridge, Grand Metropolitan [illegible] rants, Oxley Printing, [illegible] Fitch Lovell, Oil Exploration, Cons. Gold Fields, Lee [illegible] British Land, Inveresk and [illegible] and City Properties. Puts [illegible] taken out in Boots and [illegible] International, while double[illegible] arranged in Burmah Oil, [illegible] Consolidated Oil, La[illegible] Warrants and Fitch Lovell.

NEW HIGHS AND LOWS FOR 1977/[illegible]

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1977-78.

NEW HIGHS (37)

CORPORATION LOANS (1)
L'pool 5½pc 76-78

AMERICANS (1)
Asarco Inc.

BANKS (1)
Trade Dvlpt. Bank

BUILDINGS (1)
Federated Land

STORES (2)
Rama Textiles · Vernon Fashion

ENGINEERING (2)
Cooper (F.) · Tace
Habit Precision

INDUSTRIALS (4)
Black Arrow · Platt-Me Intl.
Hyman (I. & J.) · Sandhurst Marketing

INSURANCE (1)
Heath (C.E.)

NEWSPAPERS (1)
Webster Pubs.

PAPERS (2)
L. & P. Poster · Mills & Allen Intl.

PROPERTY (2)
Bellway · Prop. Inv. & Fin.

SOUTH AFRICANS (1)
S.A. Brews.

TRUSTS (2)
Dawnay Day · Majedie Invs.

RUBBERS (2)
Consld. Plants. · Highlands

MINES (12)
Randfontein Ests. · Southvaal
ERGO · F.S. Geduld
Kinross · Welkom
Winkelhaak · Western Hldgs.
Elandsrand · Anglo-American
Libanon · De Beers Dfd.

NEW LOWS (2)

INDUSTRIALS (1)
Imperial Cont. Gas

PROPERTY (1)
Cap. Counties Wts.

RISES AND FALLS YESTERDAY

Totals ... 427 [illegible]

LEADERS AND LAGGARDS

The following table shows the percentage changes† which have taken place since December 31, 1976, in the principal equity sections of the FT Actuaries Share Indices. It also contains the Gold Mines index.

Hire Purchase	+79.34	Packaging and Paper	+36.25
Contracting and Construction	+77.64	Consumer Goods (Non-Durable) Group	+34.74
Electronics, Radio and TV	+65.22	Industrial Group	+34.46
Engineering Contractors	+64.57	Household Goods	+34.52
Office Equipment	+64.37	Insurance Brokers	+32.41
Property	+63.19	Entertainment and Catering	+30.62
Electricals	+57.21	Toys and Games	+28.52
Stores	+54.31	All-Share Index	+27.64
Building Materials	+53.80	500Share Index	+27.50
Consumer Goods (Durable) Group	+52.05	Merchant Banks	+27.30
Wines and Spirits	+49.09	Banks	+24.45
Capital Goods Group	+44.33	Discount Houses	+24.07
Metal and Metal Forming	+40.85	Overseas Traders	+23.71
Breweries	+39.15	Mechanical Engineering	+23.10
Newspapers and Publishing	+39.07	Other Groups	+22.77
Motors and Distributors	+38.77	Chemicals	+19.46
Food Retailing	+38.25	Food Manufacturing	+17.32
Gold Mines F.T.	+37.75	Investment Trusts	+12.72
Insurance (Life)	+37.41	Tobaccos	+ 9.36
Insurance (Composite)	+36.91	Shipping	+ 5.75
Financial Group	+36.73	Mining Finance	+ 1.47
Textiles	+35.72	Oils	− 3.33

† Percentage changes based on Tuesday, March 7, 1978 indices.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1977-78 high	1977-78 low
BP	£1	13	726	+ 2	966	720
Shell Transport	25p	12	302	+ 7	633	454
GEC	25p	11	230	+ 3	284	163
BATs Defd.	25p	10	230	—	260	[illegible]
EMI	50p	10	146	—	234	141
GKN	£1	10	272	+ 4	369	260
ICI	£1	10	337	− 1	446	327
Barclays Bank	£1	9	315	—	350	228
Distillers	50p	9	166	—	193	120
Press (Wm.)	5p	9	19	—	33½	12
Reed Intl.	£1	9	118	+ 2	[illegible]	100
Burmah Oil	£1	8	46	+ 1	[illegible]	41
De Beers Defd.	R0.05	8	329	+ 7	329	188
Grand Met.	50p	8	[illegible]	—	109	[illegible]
Trust Hses. Forte	25p	8	177	+ 8	201	112

The above list of active stocks is based on the number of bargains recorded yesterday in the Official List and under Rule 163(1) (e) and reproduced to-day in Stock Exchange dealings.

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS
GROUPS & SUB-SECTIONS
Figures in parentheses show number of stocks per section

	Group	Wed., Mar. 8, 1978 Index No.	Day's Change %	Est. Earnings Yield% (Max.) Corp. Tax 52%	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net) Corp. Tax 52%	Tues. Mar. 7 Index No.	Mon. Mar. 6 Index No.	Fri. Mar. 3 Index No.	Thurs. Mar. 2 Index No.
1	CAPITAL GOODS (170)	193.97	+1.5	18.25	6.01	7.72	191.18	190.11	189.16	188.95
2	Building Materials (27)	171.65	+1.8	17.77	6.16	8.02	168.70	167.18	166.30	167.39
3	Contracting, Construction (26)	297.17	+1.7	19.37	4.28	7.51	292.21	289.35	292.27	294.10
4	Electricals (15)	422.38	+1.2	15.75	4.19	9.06	417.49	414.58	408.87	404.47
5	Engineering Contractors (14)	276.14	+1.5	17.98	7.30	7.62	272.05	270.95	271.86	272.60
6	Mechanical Engineering (71)	153.16	+1.4	19.85	6.70	7.16	151.05	150.63	150.16	149.87
8	Metals and Metal Forming (17)	157.81	+1.6	19.78	8.66	6.69	155.30	154.98	154.77	154.64
	CONSUMER GOODS									
11	(DURABLE) (53)	178.25	+1.4	19.24	5.29	7.52	175.86	174.54	173.63	174.16
12	Lt. Electronics, Radio TV (15)	215.71	+1.7	16.52	3.92	8.75	212.16	210.54	209.81	210.85
13	Household Goods (12)	162.45	+0.7	19.44	7.53	6.99	161.38	160.54	161.77	161.28
14	Motors and Distributors (26)	107.64	+1.0	23.64	6.96	6.22	106.56	105.72	105.18	104.68
	CONSUMER GOODS									
21	(NON-DURABLE) (170)	185.25	+1.4	17.25	6.24	8.11	182.67	181.78	179.99	179.46
22	Breweries (14)	208.72	+0.9	15.59	6.34	9.72	206.91	207.10	206.68	205.24
23	Wines and Spirits (6)	235.31	+0.5	17.58	6.11	8.63	234.18	233.66	231.23	228.85
24	Entertainment, Catering (18)	229.92	+1.3	17.31	7.47	8.40	227.04	226.31	222.59	219.62
25	Food Manufacturing (22)	178.96	+1.0	22.11	6.06	6.39	177.20	176.73	175.58	175.68
26	Food Retailing (15)	178.94	+0.8	15.38	5.10	9.38	177.54	176.55	176.53	177.96
32	Newspapers, Publishing (13)	286.26	+2.5	11.74	4.36	12.66	279.33	276.91	271.15	269.59
33	Packaging and Paper (15)	123.92	+1.6	21.50	9.44	6.68	121.91	121.07	119.92	120.24
34	Stores (39)	174.51	+2.4	11.00	4.53	14.25	170.41	168.77	166.14	165.17
35	Textiles (25)	164.28	+0.6	22.49	8.15	5.51	163.23	162.31	162.14	160.85
36	Tobaccos (3)	225.69	+0.9	24.52	8.30	4.85	223.60	223.51	221.03	222.04
37	Toys and Games (6)	97.38	+1.5	20.75	6.09	6.44	95.89	93.86	94.21	94.41
41	OTHER GROUPS (97)	176.35	+0.4	17.49	6.24	7.58	175.68	174.61	173.08	173.45
42	Chemicals (19)	244.51	+0.1	19.33	7.07	6.98	244.23	242.47	240.39	238.69
43	Pharmaceutical Products (7)	231.23	+0.2	11.90	4.29	10.78	230.76	229.68	228.41	230.76
44	Office Equipment (6)	121.00	+1.0	20.06	5.14	5.86	119.84	120.30	117.48	119.61
45	Shipping (10)	419.01	+0.3	23.50	6.99	5.04	417.73	417.01	414.08	410.64
46	Miscellaneous (55)	182.84	+0.7	17.24	6.71	8.23	181.59	179.94	178.47	179.49
49	INDUSTRIAL GROUP (495)	190.93	+1.2	17.69	6.12	7.83	188.73	187.69	186.17	186.02
51	Oils (5)	426.66	+0.8	16.26	4.57	7.48	423.09	422.93	421.13	417.98
59	500 SHARE INDEX	210.66	+1.1	17.48	5.89	7.78	208.34	207.35	205.79	205.42
61	FINANCIAL GROUP (100)	160.07	+0.9	—	5.65	—	158.72	157.11	155.47	154.89
62	Banks (6)	180.91	−0.3	26.98	5.95	5.55	181.46	178.70	175.69	173.93
63	Discount Houses (10)	190.76	−0.4	—	8.66	—	191.53	191.65	190.22	189.72
64	Hire Purchase (5)	147.96	+2.5	12.41	5.38	11.92	144.37	140.79	140.41	143.01
65	Insurance (Life) (10)	132.58	+0.6	—	6.25	—	131.75	128.94	128.88	129.74
66	Insurance (Composite) (7)	124.97	+0.7	—	6.74	—	124.07	123.88	122.12	120.86
67	Insurance Brokers (10)	330.78	+2.4	13.47	4.20	10.85	322.90	319.51	316.33	316.20
68	Merchant Banks (14)	74.19	+2.1	—	6.44	—	72.64	71.74	71.02	71.09
69	Property (31)	229.92	+1.6	2.97	2.99	63.72	226.26	225.25	224.16	224.76
70	Miscellaneous (7)	105.08	+2.1	24.67	7.50	5.63	102.97	101.19	101.19	101.15
71	Investment Trusts (50)	177.49	+0.5	3.56	5.37	28.13	176.59	176.48	176.62	177.55
81	Mining Finance (4)	87.19	+1.8	17.88	6.72	6.51	85.66	85.39	85.52	85.65
91	Overseas Traders (19)	266.41	+1.3	17.45	7.35	7.13	262.96	263.07	262.84	262.26
99	ALL-SHARE INDEX (673)	196.01	+1.1	—	5.87	—	193.96	192.91	191.49	191.15

FIXED INTEREST PRICE INDICES

	British Government	Wed. Mar. 8	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	108.50	+0.18	—	2.10
2	5-15 years	121.28	+0.65	—	1.59
3	Over 15 years	128.58	+0.74	—	2.32
4	Irredeemables	143.31	+0.42	—	1.78
5	All stocks	118.86	—	—	2.07

FIXED INTEREST YIELDS

	Br. Govt. Av. Gross Red.		Wed. Mar. 8	Tues. Mar. 7
1	Low Coupons	5 years	7.71	7.77
2		15 years	9.98	10.05
3		25 years	10.45	10.52
4	Medium Coupons	5 years	9.79	9.86
5		15 years	10.99	11.06
6		25 years	11.15	11.22
7	High Coupons	5 years	10.39	10.50
8		15 years	11.84	11.95
9		25 years	11.93	12.03
10	Irredeemables		10.26	10.30

		Wed. March 8 Index No.	Yield %	Tues. March 7	Monday March 6	Friday March 3	Thurs. March 2	Wed. March 1	Tues. Feb. 28	Monday Feb. 27
15	20-yr. Red. Deb. & Loans (15)	60.57	12.38	60.57	60.59	60.69	60.65	60.77	60.72	60.90
16	Investment Trust Prefs. (15)	56.63	12.46	56.63	56.93	56.87	57.07	57.07	57.07	[illegible]
17	Coml. and Indl. Prefs. (20)	76.61	11.87	76.66	76.92	77.00	76.95	77.03	77.10	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 13p, by post 22p.

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INSURANCE, PROPERTY, BONDS

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Jardine Fleming & Co. Ltd.

48th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	$HK210.69	......	3.40
Jardine J'pn. Fd.*	$HK233.04	......	1.10
Jardine S.E.A.	$US11.89	......	2.60
Jardine Flem.Int.†	$HK63.94	......	—

NAV Feb. 28 *Equivalent $US61.40. Next sub. March 15.

Kemp-Gee Management Jersey Ltd.

1, Charing Cross, St. Helier, Jersey. 0534 73741

Kemp-Gee Capital	79.8	82.5	......	—
Kemp-Gee Income	62.4	64.4	......	8.50

Warburg Invest. Mngt. Jrsy. Ltd.

1, Charing Cross, St. Helier, Jsy. CI 0534 73741

CMF Ltd. Feb. 24	$US12.37	12.69	......	—
CMT Ltd. Feb. 23	£12.62	12.95	......	—
Metals Tst. Feb. 16	£10.93	11.20	......	—
TMT Feb.9	$US9.76	9.50	......	—
TMT Ltd Feb.9	9.13	9.37	......	—

World Wide Growth Management♦

10a, Boulevard Royal, Luxembourg.

Worldwide Gth Fd	$US12.71	+0.04	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. ≠ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

BASE LENDING RATES

A.B.N. Bank	8½%	■ Hill Samuel §	6½%
Allied Irish Banks Ltd.	6½%	C. Hoare & Co. †	6½%
American Express Bk.	6½%	Julian S. Hodge	7½%
Amro Bank	6½%	Hongkong & Shanghai	6½%
A P Bank Ltd.	6½%	Industrial Bk. of Scot.	6½%
Henry Ansbacher	6½%	Keyser Ullmann	6½%
Banco de Bilbao	6½%	Knowsley & Co. Ltd.	9 %
Bank of Credit & Cmce.	6½%	Lloyds Bank	6½%
Bank of Cyprus	8½%	London & European	8 %
Bank of N.S.W.	6½%	London Mercantile	6½%
Banque Belge Ltd.	6½%	Midland Bank	6½%
Banque du Rhone	7 %	■ Samuel Montagu	6½%
Barclays Bank	6½%	■ Morgan Grenfell	6½%
Barnett Christie Ltd.	8½%	National Westminster	6½%
Bremar Holdings Ltd.	7½%	Norwich General Trust	6½%
Brit. Bank of Mid. East	6½%	P. S. Refson & Co.	6½%
Brown Shipley	6½%	Rossminster Accept'cs	6½%
Canada Permanent AFI	6½%	Royal Bk. Canada Trust	6½%
Capitol C & C Fin. Ltd.	9 %	Schlesinger Limited	6½%
Cayzer Ltd.	7 %	E. S. Schwab	8½%
Cedar Holdings	8 %	Security Trust Co. Ltd.	7½%
Charterhouse Japhet	6½%	Shenley Trust	9½%
Choulartons	6½%	Standard Chartered	6½%
C. E. Coates	7½%	Trade Dev. Bank	6½%
Consolidated Credits	6½%	Trustee Savings Bank	6½%
Co-operative Bank *	6½%	Twentieth Century Bk.	7½%
Corinthian Securities	6½%	United Bank of Kuwait	6½%
Credit Lyonnais	6½%	Whiteaway Laidlaw	7 %
The Cyprus Popular Bk.	6½%	Williams & Glyn's	6½%
Duncan Lawrie ¶	6½%	Yorkshire Bank	6½%
Eagil Trust	6½%		
English Transcont.	8 %		
First London Secs.	6½%		
First Nat. Fin. Corpn.	8½%		
First Nat. Secs. Ltd.	8 %		
Antony Gibbs	6½%		
Greyhound Guaranty	6½%		
Grindlays Bank ‡	6½%		
Guinness Mahon	6½%		
Hambros Bank	6½%		

■ Members of the Accepting Houses Committee.

* 7-day deposits 3%, 1-month deposits 3½%.

† 7-day deposits on sums of £10,000 and under 3%, up to £25,000 3½% and over £25,000 4½%.

‡ Call deposits over £1,000 3%.

§ Demand deposits 4%.

¶ Rate also applies to Sterling Ind. Secs.

CORAL INDEX: Close 445-450

INSURANCE BASE RATES

† Property Growth 7½%

† Vanbrugh Guaranteed 7.43%

† Address shown under Insurance and Property Bond Table.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

**INTERNATIONAL BANK

[illegible]

**CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

* U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

AMERICANS—Continued

[illegible]

S.E. List Premium 37½% (based on $US1.9353 per £)

Conversion factor 0.7268 (0.7270)

CANADIANS

[illegible]

S.E. List Premium 37½% (based on $2.1774 per £)

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا من الأصل

INDUSTRIALS—Continued

INSURANCE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INV. TRUSTS—Continued

Finance, Land, etc.

FINANCE, LAND—Continued

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

High	Low	Stock	Price	+ or –	Div Net	Cvr	Yld Gr's
9½	9	Burma Mines 17½p	9	......	—	—	—
115	56	Colby Mines SC1	65	+5	—	—	—
600	225	Cons. Murch. 10c	250	......	Q30c	ϕ	7.8
475	245	Northgate C$1	250	+5	—	—	—
247	164	R.T.Z.	168	+3	t8.5	q3.1	7.7
70	28½	Sabina Inds. C$1	31	–½	—	—	—
£14¾	780	Tara Explrn. $1	780	......	—	—	—
55	39	Tehidy Mineral 10p	45	......	1.21	2.5	4.1
160	120	Yukon Cons. C$1	123	......	Q7c	ϕ	3.4

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ◆ Merger bid or reorganisation in progress.
- ϕ Not comparable
- ◆ Same interim: reduced final and/or reduced earnings indicated
- ¢ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¥ Excluding a final dividend declaration.
- ✦ Regional price.
- ǁ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend, cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	22	......	Sheff. Refrshmt.	51	......
Ash Spinning	42	......	Shiloh Spinn.	19	......
Bertam	14	......	Sindall (Wm.)	65	......

IRISH

OPTIONS

3-month Call Rates

A selection of Options traded is given on the London Stock Exchange Report page.

FINANCIAL TIMES

Thursday March 9 1978

Record sales of foreign exchange to calm market

BY JOHN WYLES

NEW YORK, March 8.

THE FEDERAL Reserve and the U.S. Treasury sold a record $1.5bn. of foreign exchange during the November 1977-January 1978 quarter in a bid to check the increasing instability in the New York foreign exchange market caused by the weakness of the dollar.

Almost all of the sales—$1,481.1bn.—were of Deutschemarks and more than half were sold after January 4 when the Fed and the Treasury announced a new swap agreement with the West German Bundesbank and the adoption of a more forceful intervention in the market.

Releasing the first official account of the extent of the intervention by U.S. authorities during this turbulent period for the dollar, Federal Reserve Bank of New York officials claimed to-day that the effects of the new policy had slowed the decline of the dollar in the market during January.

However, in the six months up to the end of January, the dollar had fallen 21 per cent. against the Swiss franc, 10 per cent. against the Japanese yen, 8 per cent. against the German mark and 12 per cent. against sterling.

In the account it was stressed that the intervention had been aimed at restoring some order in the market and that it was not directed at establishing a rate or a target range of value for the dollar against other major currencies.

"We are working with the markets as they are. We are not trying to indicate we are setting a rate. The market must reach its own level," said Mr. Alan Holmes, executive vice-president of the Federal Reserve Bank, which acts for the Federal Reserve system and the U.S. Treasury in foreign exchange operations.

Mr. Holmes and his colleague, Mr. Scott Pardee, vice-president foreign, explained that since January 4 the Fed often had been adopting a high profile in the market by dealing with banks direct on a bid and offer basis instead of using banks as agents.

They rejected criticisms that the Fed had not intervened forcefully enough during January and claimed that this point of view was often expressed by a trader "who has a position he can not unwind with the central bank."

According to Mr. Pardee the market in November and December was "the most disorderly market I have ever seen" and some of the features which the Fed had been trying to correct were too rapid movements in *currency values*, *widening* spreads and prolonged absences of bids and offers.

Co-operation with foreign central banks had been intense, said Mr. Pardee, who added that with foreign exchange markets threaded around the globe the strain of trading on a 24-hour basis had taken its toll.

"Everybody in the exchange market is thoroughly worn out and some traders are shrinking from taking action they would normally take."

The foreign currency sales by the U.S. authorities during the November-January quarter were more than double the previous record for a quarter of $793.2m. of foreign currency sold between February and April 1975.

The sales were financed by drawing $1,070.1bn. of marks on the swap line with the Bundesbank while the Treasury drew $407.4m. of marks on the swap line between its Exchange Stabilisation Line and the Bundesbank.

An additional $3.6m. of marks were sold from Federal Reserve balances. The 18.9m. of Swiss francs sold during the period were drawn on the swap line with the Swiss National Bank.

Bid to cut executive pay rises abandoned

By John Elliott, Industrial Editor

THE Government has abandoned attempts to reduce by 5 per cent. the 10 per cent. pay rises of several hundred senior executives in nationalised industries who earn more than £13,000 a year.

The position of Board members is not, however, affected. Cabinet Ministers have decided not to go back on the Prime Minister's announcement in December that board members of these industries should have only 5 per cent. rises if they earn more than £13,000.

These two decisions further complicate a five-year row over the pay of the chairmen and Board members of nationalised industries and will in many cases mean that senior executives' salaries are up to £4,000 a year or more above the levels of some Board members.

No official announcement is being made about these latest decisions, partly reached as a result of staunch trade union opposition, especially from the Electrical Power Engineers' Association, against any pruning of top executives' salaries.

The association and its counterparts in other nationalised industries, such as coal and the Post Office, *negotiate* in some cases for senior executives earning up to £12,000-£15,000 a year or more.

The problems started with Mr. Callaghan's December statement that, in advance of a special report on public sector top salaries due in the spring, the chairmen and board members of nationalised industries should *have immediate* pay rises of up to 10 per cent. if they earned less than £13,000. But those above that figure would receive only 5 per cent.

Anomaly

No thought was given, however, to the anomaly of top executives below Board level receiving the full 10 per cent., if they earned more than £13,000, until the issue was raised with the Department of Industry by the Post Office Corporation. In all, some 800 to 900 senior executives are thought to be involved in the country's nationalised industries.

Suggestions were then made in Whitehall that it would be fairer, and would show how strictly the incomes policy was working, if rises were held down. Efforts to do this were then made with senior executives of the British National Oil Corporation.

Mr. John Lyons, general secretary of the Electrical Power Engineers' Association, which has just concluded a full 10 per cent. deal for technical and managerial staff in the electricity supply industry earning up to £10,600 a year, intervened. He objected to suggestions that his more senior managerial members who now earn up to £12,500, should have their 10 per cent. rises trimmed above £13,000.

He met Mr. Anthony Wedgwood Benn, Energy Secretary, and this meeting emerged last week as a major factor behind the decision not to interfere with top executives' pay rises.

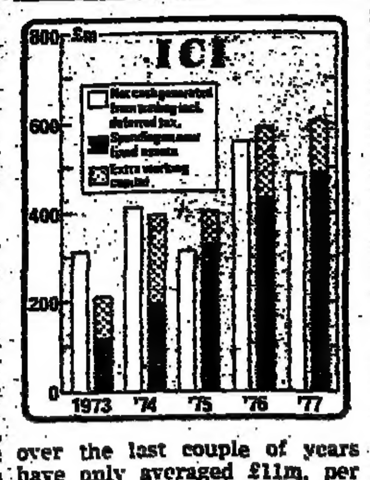
THE LEX COLUMN

Consumer boomlet at Woolworth

The horse came to the water's edge but it did not drink. Last night the FT Government Securities Index reached 75.27, the highest level for a month, and while the long tap Exchequer 10¼ per cent. 1995 closed maybe ¼ of a point short of the Government Broker's next supply price, the short tap Exchequer 8¾ per cent. 1983 pressed right up to 96 9-16, the price at which the GB might be expected to be active.

Meanwhile, the fourth quarter balance of payments figures confirm the role of the foreign investor in the gilt-edged market last year. Non-resident purchases in October-December totalled £489m., much of which must have reflected a statistical spilling over from September, the peak of the boom. In the last five quarters foreigners have bought gilts to the tune of over £1bn.

Index rose 2.6 to 446.7



Woolworth

Last November Woolworth reported that its pre-tax profits were a tenth lower after nine months and people were seriously doubting that for the full year it would be able to better the previous year's £40.6m. So a 47 per cent. spurt in fourth quarter profits, which pushed full year profits up to £46.8m., sent the shares 5½p higher to 68p and set people wondering how it happened.

The Christmas quarter is traditionally by far Woolworth's best, but the 14 per cent. rise in sales during the period did not seem all that exceptional given the heavy spending on advertising. Woolworth argues that its business is very volume sensitive and thanks to the way its growth in operating costs was held down to just under 10 per cent. last year the 4 per cent. rise in volume in the final quarter fed right through to profits.

Too much should not be read into one quarter's results; there have been false dawns at Woolworths before. The company is not denying that margins in the current year are under pressure and, although it has operating costs under tight control, there is still little sign of the anticipated consumer spending boom.

However, the decision to raise the dividend for the first time since 1974 implies a measure of confidence in the future especially since the group's capital spending is running at close to £20m. per annum whereas retained profits and depreciation over the last couple of years have only averaged £11m. per annum. Woolworth's U.S. parent's decision slightly earlier to increase its dividend for the first time since 1969 might have had some influence.

BTR

BTR's profits have emerged slightly on the lower side of market expectations at £29m. The group says the results would have been better if the Silentbloc acquisition had lived up to the expectations generated by the company's 1977 interim profits of £527,000 and "accompanying favourable comments." Shades of Dunford and Elliott?

But despite this and the impact of currency movements profits are still a fifth up on last year. And margins have improved in most areas. Europe, which accounts for around two-thirds of profits showed the greatest increase. Here the U.K. was one of the best performers with volume growth of almost 10 per cent., but Germany was disappointing. American profits almost doubled to £6m., thanks to a 12 per cent. gain in volume and an 18 per cent. improvement in the total value of sales. At 213p the shares are on a p/e of just under 6½ and the yield is 6.6.

Companies Bill

Insider dealers and directors who borrow money plentifully from their companies can rest again. There is to be no new Companies Bill in this session of Parliament, and probably not even in the present Government's remaining term of office. The widely-held belief that company legislation carries a very low political priority has been confirmed once agai[n]

The accountants and law[yers] have good reason to be [...] at this outcome. They [...] spent a great deal of tim[e] [in] the past five years respon[ding] to requests from the De[part]ment of Trade for proposa[ls to] reform the existing com[pany] law. They had been le[d to] believe that the much-ne[eded] major reform was a real p[ossi]bility. And even when it [was] made clear after the Qu[een's] Speech that only a min[...] was on the cards the *pro*[spect] of significant amendments [was] still encouraging.

Now, not even the [...] limited legislation whi[ch is] necessary for the U.K. to [com]ply with its commitments [to the] EEC is to be enacted[...] suggest that it will be e[...] for a Bill with these prov[isions] to be at least introduced b[efore] an election is hardly en[...] At the same time EEC le[gisla]tion much more imp[ortant] than the Second Directive which the U.K. is suppos[ed to] bring in legislation not [later] than the end of 1978—w[...] piling up.

ICI

ICI's balance sheet unde[r] the steep rise in its c[apital] spending programme ove[r the] next couple of years. In [1976] the group sanctioned an [in]crease of a third in new ca[pital] spending and in 1977 the fi[gure] was over 50 per cent. hi[gher] again at £804m. At the en[d of] last year it had comm[itted] itself to spending £1bn. on plant and equipment w[hich] compares with a total in[vest]ment of £2.36bn. in new f[ixed] assets over the period 19[...]

As Sir Rowland Wright [was] at pains to point out yester[day] the immediate trading out[look] is far from buoyant and, a[part] from the problems of soft pr[ices] and volume in Europe, IC[I is] suffering from sterling's re[cent] appreciation. However, IC[I is] gambling that its heavy ca[pital] spending will pay off when [the] chemical cycle picks up in [the] 1980s.

This strategy worked [...] during the late 1960s and e[arly] 1970s, and this year's inv[est]ment of £700m. or so in fi[xed] assets can easily be covered [by] liquid resources of a sim[ilar] amount now that ICI has dip[ped] into the U.S. debenture ma[rket]. Nevertheless ICI could [...] suffer a cash outflow of £[...] or more in 1978, and if [this] were to continue it would c[ome] under pressure to scale d[own] its ambitious spending plan[s]

Societies divided on lending cuts call

By Michael Cassell, Building Correspondent

BUILDING SOCIETIES are divided on how to react to the Government's call for a reduction in their lending levels.

When building society executives meet in London to-day to discuss the request, opinions will be divided on whether or not they should comply. The subject will also head the agenda when the full Council of the Building Societies Association meets to-morrow.

The Government believes that, unless mortgage lending is reduced from its current record level, house prices this year could rise dramatically.

Most societies believe that the Government's intervention in the housing market is wrong. But there is deep concern that failure to heed the Ministers' views could provide them with serious problems in future relationships.

The threat of closer Government control over the societies' operations could, some executives believe, be brought much nearer if they refuse to cut lending. Others feel that the movement should state its case against any lending cuts and attempt to stop the proposal to reduce the availability of mortgage finance before it takes effect.

Some society leaders believe that their hostile reaction to the Government's move and arguments against a lending cut-back, have already established considerable doubt in the minds of Government officials as to the advisability of such action.

To-morrow could see a move by the societies to postpone any final decision, so that their representatives can go back for more talks. They might also compile figures to show that prices generally have not been moving as the Government suspects.

In spite of widespread misgivings, it still seems likely that societies will eventually agree to some reduction in mortgages from April onwards.

Protests over shelving of Companies Bill

BY MARGARET REID

THERE WERE protests from the accountancy and legal professions last night as it became clear that the expected Companies Bill, which it had been hoped would make insider share trading a criminal offence and *tighten other* controls, *had* been shelved for the 1977-78 Parliamentary session.

Mr. Alan Hardcastle, chairman of the Parliamentary and Law Committee of the English Institute of Chartered Accountants, said: "I'm quite certain that our profession will be very disquieted that very important *and much-needed changes which* had been identified as necessary have been postponed."

Some needed improvements in company law had been spotlighted as long ago as in the Jenkins Report of 1962, he said. Later developments had exposed weaknesses in the law on matters including loans to directors and directors' interests in contracts.

A spokesman for the Law Society said they were disappointed that no company legislation would be undertaken this session. No major change had been made in company law since 1948, and revisions were long overdue.

It was stated in the Queen's Speech in November that legislation would be brought forward to amend company law. But it now appears certain that the Parliamentary timetable will prevent this happening before the autumn.

The minimum expectation has hitherto been that a Companies Bill would make provision to bring British law into line with European Economic Community requirements, as it must by the end of 1978, particularly by distinguishing between public and private companies.

Mr. Edmund Dell, Trade Secretary, has also very much wished to bring more major provisions, in accordance with the recent White Paper on Duties of Company Directors.

These would have banned insider trading, the use of confidential information by company insiders to deal in shares for their own profit, and have more tightly-curbed loans by companies to their directors.

Now, to the considerable surprise of many observers, it appears clear that not even the most limited Companies Bill will be introduced, presumably for fear that other amendments would be proposed to it, increasing the call on Parliamentary time in what may be an election year.

Svenska Varv 'loses £250m.

BY WILLIAM DULLFORCE

STOCKHOLM, March 8.

SVENSKA VARV, the "umbrella" company for the Swedish shipbuilding industry, last year of Kr.2.26bn. (about last year of Kr.2.26bn. (above £250m.).

The State-owned company, which was formed last year, takes in all the country's major shipbuilders except Kockums, the only large shipyard still under private control.

When the loss was reported to-day by the financial weekly Veckans Affaerer, the company said: "We do not deny the figures."

The estimates come shortly before the company is expected to seek a substantial capital injection from the Government.

As a result of last year's difficulties—the loss was the largest *ever made* in a year by a Swedish company—the Government is expected to close one or two of the larger shipyards despite strong union opposition.

Mr. Nils Aasling, Minister of Industry, said last month that he was postponing a decision until June, but that was before the full extent of Svenska Varv's 1977 loss was known.

The critical position of Swedish shipyards is compounded by the fact that the Ship Credit Board has almost exhausted the Kr.4.4bn. in loans and guarantees it was authorised to allocate last year to stimulate orders from Swedish shipowners for new vessels.

Indirectly affected is Kockums. It has just applied for a Kr.600m. credit guarantee to enable it to build a third liquefied natural gas (LNG) tanker on its own account and secure production at its yard.

The latest Svenska Varv loss estimates greatly exceed the forecasts given only last November of Kr.1.6bn.

Those figures prompted the Government to start a new investigation of the industry less than a year after it had announced a Kr.17.4bn. support package.

This comprised new capital, loans and guarantees to see the yards through to the end of 1980. It assumed that shipyard jobs would be cut by 30 per cent.

To-day's estimates include Kr.560m. in operating losses—the difference between the production costs and revenue of ships sold.

Much of the balance (about Kr.900m.) is made up of unsettled claims and the cost of producing for stock—a practice which started three years ago as a recession-bridging measure and which has been severely criticised by foreign shipbuilders.

Continued from Page 1

Yen

reached in the early afternoon, buying an estimated $300m. in defence of the rate before the market closed an hour or so later.

In the futures market, where the Bank traditionally does not intervene, the strength of upward pressure was revealed as the rate for dollars for delivery six months ahead reached Y.229.55.

Those developments followed only two days after Monday's hectic trading, when the yen rose almost two points against the dollar in spite of rumoured support operations by the Bank involving the purchase of some $400m.

Turnover on Monday's market, of $825m., was followed by to-day's $551m. turnover—an exceptionally high level.

Michael Blanden writes: The speculative pressures in the European exchange markets were concentrated on the Japanese yen which rose sharply against the dollar in London dealings.

The markets remained volatile and nervous, with the uncertainties reflected in a further rise in the price of gold of $2¾ to $189¾ an ounce, its highest closing level since December 30, 1974.

Attention switched away from the stronger European currencies, however, following the Swiss moves to stem the inflows from abroad.

The dollar closed slightly better against the West German D-Mark at DM2.0237½ and the Swiss franc at SwFrs.1.8925.

The pound slipped by 35 points to $1.9340, but its trade-weighted index was unchanged at 65.1.

Kagan raided in currency probe

BY DAVID FREUD

CUSTOMS OFFICIALS yesterday began what is expected to be a long investigation into the records of Kagan Textiles, whose chairman is Lord Kagan.

The offices of the textile group and Lord Kagan's three homes in Yorkshire and London were raided by Customs officials, accompanied by police officers, on Tuesday night to remove the documents.

The investigation is into the alleged transfer of money out of Britain in contravention of exchange regulations during the operation of the group's export business.

Lord Kagan based his business on the Gannex raincoat, often worn by Sir Harold Wilson. He was knighted in 1970 and raised to the peerage in 1976 in Sir Harold's resignation Honours list.

The raids were authorised by a magistrate under the Exchange Control Act 1947. The magistrate issued warrants after an application by a Treasury solicitor giving the Customs investigators power to examine and if necessary remove company records.

Customs and Excise said yesterday: "Our officials are now examining the documents and will have to decide what action to take. Lord Kagan exports goods throughout the world. Our inquiries do not involve just one country. It is likely to be a long investigation."

A Customs statement said that Customs investigation officials, under the authority of the Treasury, were making inquiries into the alleged transfer of capital from the U.K. in contravention of the Exchange Control Act 1947 and the Customs and Excise Act 1952. The inquiries were in relation to the export of textiles.

The statement continued: "Search warrants have been issued under the terms of the Exchange Control Act and Customs officials have entered premises in Yorkshire, Lancashire and elsewhere to examine and where necessary remove company records."

Lord Kagan was not available for comment. Mr. Bill Atack, managing director of Kagan Textiles, said: "I do not know what this is all about. We have nothing to hide. Officials have been given access to everything they wanted to see."

Lord Kagan, who is 62, was born in Lithuania and came to Britain as a penniless refugee from a Nazi slave labour camp after the war to study textiles at Leeds. He founded his Yorkshire textile business with capital of less than £10. The Kagan group includes Crabtree Denim, which received the Queen's Award for Industry for exports in 1975.

Continued from Page 1

MPs attack new City watchdog

tions on its financing, which were not resolved yesterday.

It appears unlikely that the project would be given the ultimate go-ahead unless the Government had indicated its accepeance. Mr. Dell made it clear in October, 1976, that he was looking for improved self-regulation of security markets, to stand alongside legal controls in the company field, rather than a legally-backed market supervisory system like the U.S. Securities and Exchange Commission. It remains to be seen whether the CSI will be publicly launched before Mr. Dell has seen the backbenchers.

At the Bank of England meeting yesterday under the chairmanship of Mr. Gordon Richardson, the Governor, there was general agreement by the various associations on the plan for the CSI. Bodies representing the banks, investing institutions, accounting institutes and others, as well as the Stock Exchange and the Confederation of British Industry, have accepted the project for the Council, whose rulings, they accept, will not be able to be ignored, though they will not be legally binding.

The only significant question left is how the Council, to cost £500,000-£750,000 a year, is to be financed. The bodies will consider possibilities such as contributions by themselves or a levy on share dealings and report back next week to the small planning group under Sir Jasper Hollom, the Bank's Deputy Governor.

Weather

U.K. TO-DAY

MOSTLY rainy, but E. and Scotland will start dry.

London, S.E. England, E. Anglia
Early fog, becoming rainy.

Cent. S., N. England, Midlands, Channel Is.
Rain at times. Max. 11C-12C (52F-54F).

E. N.E., S.W. England, Wales
Rain or drizzle. Max. 11C (52F).

N.W. England, Lakes, S.W. Scotland, Argyll
Rain at times, hill fog patches.

Rest of Scotland, Orkney, Shetland
Bright at first, rain later. Max.

Is. of Man, N. Ireland
Rainy. Max. 11C (52F).

Outlook: Changeable.

BUSINESS CENTRES

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Amstrdm.	R	6	43	Luxembrg.	C	5	41
Athens	S	16	61	Madrid	S	13	55
Bahrain	S	22	72	Manchstr.	C	11	52
Barcelona	S	14	57	Melbourne	C	29	84
Beirut	S	22	72	Mexico C.	S	23	73
Belfast	C	9	48	Milan	F	13	55
Belgrade	C	5	41	Montreal	S	—3	27
Berlin	R	6	43	Moscow	C	1	34
Birmghm.	C	12	54	Munich	S	6	43
Bristol	F	10	50	Newcastle	C	11	52
Brussels	C	10	50	New York	C	—2	28
Budapest	S	7	45	Oslo	Sn	1	34
B. Aires	S	25	77	Paris	F	11	52
Cairo	S	28	82	Perth	C	28	82
Cardiff	C	8	46	Prague	S	7	43
Chicago	S	—2	28	Reykjavik	F	4	39
Cologne	C	10	50	Rio de J'o	S	30	86
Copnhagn.	Sl	2	36	Rome	S	15	59
Dublin	F	11	52	Singapore	S	31	88
Edinburgh	F	12	54	Stockholm	C	2	36
Frankfurt	F	6	41	Strasbrg.	C	8	46
Geneva	F	6	43	Sydney	C	26	79
Glasgow	S	11	52	Tehran	C	11	52
Helsinki	Sn	—2	28	Tokyo	S	13	55
H. Kong	C	21	69	Toronto	C	—7	19
Jo'burg	C	25	77	Vienna	S	8	46
Lisbon	S	15	59	Warsaw	C	3	37
London	C	11	52	Zurich	S	5	41

HOLIDAY RESORTS

Ajaccio	S	15	59	Jersey	C	9	48
Biarritz	R	11	52	Las Plms.	S	20	68
Blackpool	F	8	46	Locarno	F	9	48
Bordeaux	F	13	55	Majorca	S	15	59
Boulogne	C	7	45	Malaga	S	17	63
Casblnca.	S	18	64	Malta	F	17	63
Cape Tn.	C	20	68	Nairobi	S	24	75
Corfu	F	16	61	Naples	F	15	59
Dubrovnik	F	13	55	Nice	C	15	59
Faro	F	15	59	Oporto	C	11	52
Florence	S	17	63	Rhodes	C	18	64
Funchal	S	16	61	Salzburg	S	9	48
Gibraltar	S	17	63	Tangier	S	18	64
Guernsey	C	8	46	Tenerife	S	14	57
Innsbruck	S	9	48	Tunis	F	15	59
Inverness	S	9	48	Valencia	C	16	61
Is. of Man	S	10	50	Venice	S	10	50
Istanbul	Dr	0	32				

R—Rain. S—Sunny. C—Cloudy. F—Fair. Dr—Drizzle. Sn—Snow. Sl—Sleet.

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